

December 1954

BANKING

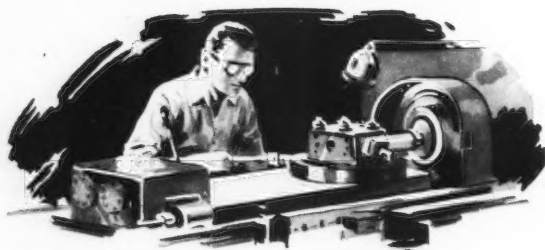
JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



A New Movie on Thrift for School Children (page 38)

A Market Place for Operations Ideas (page 44)

Ready for an **EMERGENCY**



Today, in factories everywhere, safety engineers have worked wonders in eliminating industrial hazards. And yet — even in the most modern plants — a medical department is still necessary.

Why? Because workmen *still* get injured.

Today, too, strengthened internal controls and searching audits are protecting banks against employee dishonesty. And

yet — dishonesty losses are increasing both in size and frequency.

That's why hundreds of bankers — to be fully protected against financial loss from dishonesty — are now securing *adequate, well-planned Aetna Blanket Dishonesty Insurance.*

Programming such protection requires the skill and experience of your local Aetna representative. By consulting him, you can be certain that *your* bank has adequate and proper fidelity coverage.

Play Safe with
**ÆTNA BLANKET
DISHONESTY INSURANCE**



ÆTNA CASUALTY AND SURETY COMPANY

The Aetna Life Affiliated Companies write practically every form of insurance and bonding protection

LIFE AND CASUALTY

FIRE AND MARINE

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Automobile Insurance Company

Ætina Casualty and Surety Company

Standard Fire Insurance Company

Hartford 15, Connecticut

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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*There are stars in the sky
as well as thunder and lightning*

There is goodwill in the hearts of men at Christmas. There's a warm welcome for the neighbor—a deep desire for friendship between nations—a determination to achieve lasting peace. »« Clouds scud along the horizon, sometimes building up to frightening thunderheads. Angry voices thunder without reason—and threats, like lightning, break and crash over the people's heads. »« Yet the eternal stars are there—stars of Hope, of Faith, of Love—now dimmed or hidden by the clouds—now breaking through with a clarity and brilliance and strength that will not be denied. »« May these stars be seen and followed by the wise men of all nations. May they light the path to peace. That is the Christmas prayer of the people.

CHRISTMAS 1954

BANKERS TRUST COMPANY, NEW YORK



Once more we reprint this now familiar prayer of ours, exactly as it was written seven critical years ago.

Just a Minute



"All anybody can lift from our tree this year is pine needles!"

"OK, Mr. New York Editor, we are calling your bet! Our executive vice-president, Mr. H. T. Harlin, has reserved 'bunk space' for you and Mrs. Editor in his cabin overlooking Bull Shoals Lake, good for any week of your choice upon reasonable advance notice of arrival. Bass-catching champion Vest Bushong, or champion-contender Jimmie St. John will be available to coach you in the finer points of bass fishing.

"We will see that you get a chance

The Convention

SEVERAL pages of this BANKING review the 80th convention of the American Bankers Association, held at Atlantic City in October.

It was a big meeting, as you know if you were there; if you weren't, our coverage will bring you up to date, although type and pictures are inadequate substitutes for the real thing.

President Homer J. Livingston of Chicago and Vice-president Fred F. Florence of Dallas head the A.B.A. team for 1954-55, as you know. You'll see them and their associates, Treasurer Sherman Drawdy of Augusta, Ga., and the new heads of Divisions, in the convention round-up starting on page 78.

Also in this issue is a report by Mr. Livingston on his survey of bank supervisory agencies' views of bank

management. Commendatory in general, the replies offered numerous thoughtful, constructive comments.

We're Taking a Raincheck

THE October potpourri provided by this department included an item from the *Ozark News and Views*, published by the Bank of Gainesville, Mo., wherein editor and vice-president E. T. Brown commented that, after a visit to New York, he preferred "a cabin in the Ozarks." Our little piece was titled, "Save Us a Bunk, Pard!"

That appeared to be that—but it wasn't. Missouri, folks, it seems, not only like to be shown; they also like to show.

The next issue of Brother Brown's *News* called attention to BANKING's squib and added:

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

Our cover this month is
intended simply to say

Merry Christmas



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fundado en 1882

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DR. LUIS G. PINEDA.....Director
FEDERICO A. RINCON HARRIS.....Director
EMIRO A. PEREZ I.....Director

STATEMENT—JUNE 30, 1954

Capital Authorized	Bs. 30,000,000.00
Reserves	5,000,000.00
Deposits	84,000,000.00
Total Resources	117,000,000.00

CORRESPONDENTS

NEW YORK—National City Bank
Chemical Corn Exchange Bank
Grace National Bank
Chase National Bank
Irving Trust Company
Manufacturers Trust Co.
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The banker wants to know—

about the contingent liability created by wide differences between original and replacement costs — the effect on balance sheet, profit and loss, and insurance. American Appraisal Service furnishes the answer.

The **AMERICAN APPRAISAL**



Company

Over Fifty Years of Service

OFFICES IN PRINCIPAL CITIES

to sample some real Ozark 'vittles'; and as a special treat, we shall call upon Hon. Robert E. Lee Hill, executive manager of Missouri Bankers Association, to provide you with at least one feast of good old Missouri Boone County Smoked Ham, which, as Mr. Hill will gladly tell you, in a few thousand well-chosen words, is so superlative in flavor that wise Missourians have turned up their noses in scorn at the few Smithfield Virginia Hams which 'furriners' have managed to smuggle into our fair State.

"(Take notice, Bob, save us a ham—the guy might *actually* come!!!)"

Reinforcements from Robert E. Lee Hill!

WELL, that, certainly, was THAT! But we didn't know our Missourians. Along came a telegram from Robert E. Lee Hill—not a few-thousand-well-chosen-words message, but enough for propaganda purposes.

"An old Boone County Ham," said R.E.L.H., "the most noted and internationally famous viand, will be made available to you upon your visit to Gainesville, Missouri. It is worth your trip to Gainesville to meet Uncle Johnny Harlin, Hugh T. Harlin, and E. T. Brown. It is worth a trip around the world to get an old Boone County Ham." (We supplied the capital "H's.")

"Uncle Johnny" is J. C. Harlin, president of the bank since 1908. The other Harlin is its executive vice-president and cashier. Mr. Brown you've met.

What would *you* do in this case?

Lost, Strayed, But NOT Stolen!

If you attended the A.B.A. convention at Atlantic City and lost (1) a child's nylon T-shirt with name "Linda"; (2) a cigarette lighter

"We're \$200 overdrawn. Shall I send the bank a check for that amount?"



"It's a check, ma'am, for seven-eighth, payable to John Smith, the plumber. Now may I please go ahead and write it out"

initialed "C.M."; or (3) a lady's black glove, cotton fabric, with white stitching, be of good cheer. They were turned in at the information desk and the Association is now holding 'em at the home office, 12 East 36th Street, New York City 16.

She Has Her Book

ON a scrap of ruled paper—the kind small school kids use—Miss Georgia Schiesher of Elgin, Ill., wrote to the American Bankers Association:

"I want one book. Banks and what they do."

Enclosed was a dime.

It happens that there's no book with that title, but the A.B.A. Public Relations Council sent Georgia some pamphlets that will help her learn about banks and what they do.

(Sure, she got her dime back.)

Financial Facts for Women

DURING the past couple of years many banks, individually or collectively, have had considerable success in helping women to a better understanding of family and personal finance. The American Bankers Association has been a leader in this movement, which several national women's organizations are supporting.

The A.B.A. feels there are virtually unlimited opportunities for banks to cooperate with local women's groups in providing an elementary financial education for the traditional holders of America's pursestrings. Probably the outstand-

(CONTINUED ON PAGE 6)




*Ring in
the New Year...*

but don't forget the old

As always, the new year will be greeted with rejoicing and with bright new hope. But congratulations and words of praise are in order for old 1954, too—especially for the accomplishments made during this 79th anniversary year of the American Bankers Association.

Through support of vital government fiscal programs as well as financial assistance to both industry and individuals, the American banker has completed another year of outstanding service to community and nation. His diligence and foresight have contributed immeasurably to the ever-increasing strength and unparalleled prosperity of America today.

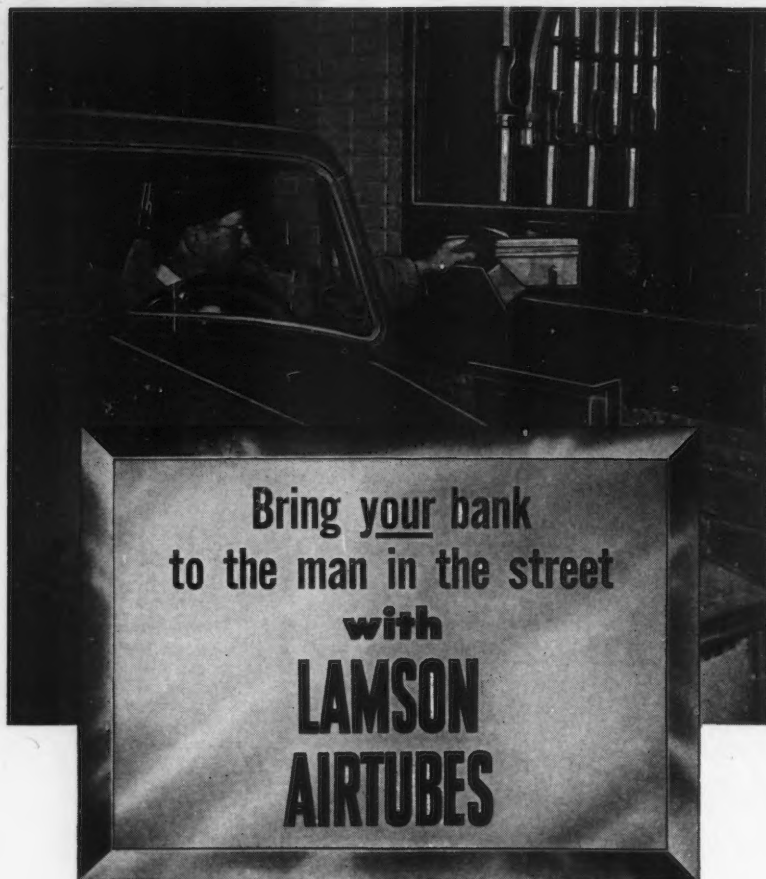
So while we look forward to the good things the future promises ... let's not forget the many achievements of the past.



*Safety Paper Division
Hammermill Paper Company*

ERIE, PENNSYLVANIA

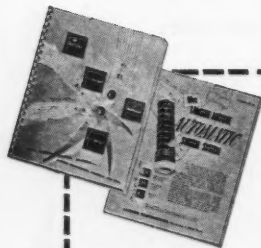




A Lamson Airtube System provides an actual physical extension of your banking facilities to any island booth in a parking area, or to any curb-side teller's cage.

In general practice Airtube lines connect cages with central banking areas. Material such as loan payments, savings books, or checks for signature verification is placed in the Airtube carrier and whisked to the proper department at 30 feet per second. Airtube service between cages and departments enables customers in cars to obtain every normal banking service with maximum convenience.

LAMSON CORPORATION
1812 Lamson Street, Syracuse 1, N. Y.
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Clip this coupon to your signed letterhead to receive your copies of the 52-page two color, illustrated brochure, "Airtube on Target," and the new bulletin, "The Airtube Automatic Switch System."

3483

(CONTINUED FROM PAGE 4)

ing medium is the familiar finance forum.

BANKING publishes on page 72 the first of two articles on this important educational service. "Teaming Up With Your Local Women's Groups," sketches the market. Next month's will suggest how to develop it.

Banks Win "Oscars"

FOR the fourth time the Girard Trust Corn Exchange Bank of Philadelphia won the silver trophy awarded by *Financial World* magazine for the best 1953 annual report issued by a financial institution. General American Life Insurance Company and the Schenectady (N. Y.) Savings Bank took second and third places in that category.

Final ratings of banks' reports for the "Best of Industry" awards made annually by the magazine were:

National Banks, assets over \$300,000,000: first, Philadelphia National Bank, Philadelphia, Pa.; second, Central National Bank of Cleveland; third, Republic National Bank of Dallas.

National Banks, assets under \$300,000,000: First, Franklin National Bank, Franklin Square, N. Y.; second, First National Bank, Miami, Fla.; third, First National Exchange Bank, Roanoke, Va.

Savings Banks: First, Schenectady Savings Bank; second, Manhattan Savings Bank, New York; Montreal City & District Savings Bank.

Trust Companies, assets over \$300,000,000: First, Girard Trust Corn Exchange Bank; second, Bank-

(CONTINUED ON PAGE 11)

"I don't know what we'd do without you, Binks, but starting tomorrow we're going to try"

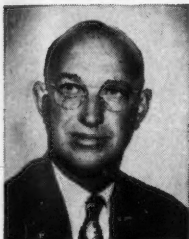


BANKING



This is "Gunnison Court," which Medina Supply Co. built specifically as a rental community across the highway from its main development. This dealer and his financial source consider Gunnison Homes especially good rental units because of their low maintenance cost. Rent's at "Gunnison Court" range from \$72.50 to \$100. There were at least three prospective tenants for every house.

"We average 39 Gunnison Homes a year in a town of 5,097 people."



says Carl J. Anderson, Medina, Ohio

• Typical of United States Steel Homes Dealers throughout the country, Medina Supply Co., Medina, Ohio, tailors its homes to meet the needs of the community. By offering a variety of high quality Gunnison Homes at low cost, this dealer has built and sold an average of 39 homes a year since 1950, in a community with a population of only 5,097. Medina is not a new boom town—it is a stable community that has grown less than 20% since 1940.

Mr. Anderson, General Manager of Building Operations for Medina Supply Co., told us: "A good supply of long-term mortgage financing has helped to make our operation

a success. By careful planning in advance—getting our land and drawing up complete plans for the development—we are able to present our financial source a complete picture of our program. As a result, we have had no trouble getting financing from local sources.

"We sell Gunnison Homes on 60 to 100 ft. lots, some with breezeway and garage, for \$8750 to \$13,000. At these prices we haven't needed a lot of promotion and advertising—the homes seem to sell themselves."

Like Medina Supply Co., the United States Steel Homes Dealer in your community has geared his development to local needs. When you finance mortgages on his Gunnison Homes, you invest not only in well-built, modern homes, but also in the dealer's successful home building experience. You invest in a *local* businessman whose reputation you know.

Write for more information.

HOW THEY DID IT

1. Exceptionally good product at low price: Gunnison Homes.
2. Strong market potential for low-priced Gunnison Homes. Added features like breezeways and garages increase sales appeal.
3. Trained erection and sales personnel within organization. Once slab is finished, houses are often under roof in less than a day with 6-man crew.
4. Development plans approved in advance by Medina City Council. All Gunnison Homes designs accepted by FHA and VA.
5. Mortgage financing obtained easily from local sources.
6. Word-of-mouth advertising sells most homes. No extensive promotion or advertising needed in this small community.



About 25% of the Gunnison Homes in Medina, Ohio, have basements. Some homes have breezeway and garage.

"Gunnison"—trade-mark of United States Steel Homes, Inc.

United States Steel Homes, Inc.

GENERAL OFFICES: NEW ALBANY, INDIANA

DISTRICT OFFICES: Atlanta, Ga. • Chicago, Ill. • Columbus, Ohio • Dallas, Texas
Harrisburg, Pa. • Louisville, Ky. • Newark, N. J. • Omaha, Neb.



SUBSIDIARY OF UNITED STATES STEEL CORPORATION



Crowd in front of new Manufacturers Trust Company office at 5th Avenue and 43rd Street stands in rain to admire new Mosler Vault Door.

They stood in the rain and stared...

For suddenly the front window of a brand-new 5th Avenue bank was a "show window" for the most famous and talked about new vault door in America—the massive new Mosler Century Bank Vault door.

IT TAKES A LOT to surprise the average New Yorker. But during the last few weeks, pedestrians hurrying along 5th Avenue have seen something so startling that they've simply stopped and stared.

What these people have been stopping to stare at so incredulously (even in the rain) is in the front window of the new Manufacturers Trust Company office at 5th Avenue and 43rd Street.

It's a bank vault door so magnificent, and of such massive modern design that it seems to come straight out of "tomorrow"—into today.

Yet, somehow, it seems to be just what people expected the vault door of "tomorrow" to look like. For in it they recognize the traditional qualities of appearance that have always symbolized security and impregnability—and now symbolize it more strongly than ever. When the door is open they see the great bolts and intricate time-locks which they have always found fascinating, impressive, and symbolic of protection.

To bankers, of course, the customer appeal of this revolutionary new Mosler Century Bank Vault Door was apparent from the moment it was introduced, over a year ago. They sensed that it was probably the most significant development of its kind in 50 years.

Everything that has happened since has proved them right. Almost overnight, the

new Mosler Century Bank Vault Door became a symbol of the modern banking office. And since its introduction, it has been incorporated in the plans of scores of new banking offices throughout the world.

Bank officials and directors who would like complete details about this significant development, are invited to write or phone for full descriptive material.




Customer appeal is in the feeling of security it gives (and justifies) . . . and in the modern, massive beauty that makes the Mosler Century 10 Bank Vault Door truly the symbol of the modern banking office. Prize-winning design was by Henry Dreyfuss working with Mosler designers and engineers.

IF IT'S MOSLER . . . IT'S SAFE

The **Mosler Safe** *Company*
Since 1848

32nd Street and 5th Avenue, New York 1, N. Y.

World's largest builders of safes and bank vaults . . . Mosler built the U. S. Gold Storage Vaults at Fort Knox and the famous bank vaults that withstood the Atomic Bomb at Hiroshima.



More than Two Billion Dollars of Plant Construction

In its half-century of service to business and industry, Ebasco has been responsible for the engineering and construction of more than two billion dollars of new plants. These plants have been built for many industries, in many countries. Each has been an individual project—individually handled, individually engineered—from site selection, initial planning, engineering, through finished construction. And each has been the product of Ebasco teamwork—teamwork that calls into action the services of Ebasco's highly-experienced specialists.

Your new plant will benefit from the application of this specialized experience. The caliber of the engineers and constructors behind your plant may well determine the extent of its future success.

Our booklet—"The Inside Story of Outside Help"—tells the story of Ebasco and its services. For a copy, without obligation, write Ebasco Services Incorporated, Two Rector Street, New York 6, N. Y.



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Methods • Tax • Traffic • Washington Office

(CONTINUED FROM PAGE 6)

ers Trust Company, New York; Fidelity Philadelphia Trust Company, Philadelphia, Pa.

Trust Companies, assets under \$300,000,000: First, Provident Trust Company, Philadelphia, Pa.; second, Equitable Security Trust Company, Wilmington, Del.; third, Bridgeport-City Trust Company, Bridgeport, Conn.

Eastman Kodak Company won the gold Oscar for the annual report judged best of the 5,000 original entries in the competition.

The "Growingest" Banks

In the October issue we published a list of 100 banks which, as of 1953, had made the best record of growth since 1943 in their position among the country's 1,500 largest. The compilation ran into serious difficulties, chiefly because of mergers, and we found, as noted in November, that some omissions had occurred.

Subsequently we learned that the Union Center National Bank of Union, N. J., and the Granite City Trust and Savings Bank of Granite City, Ill., were among them.

Doubtless numerous other banks that weren't in the 1,500 group are now in that company.

As we pointed out two months ago. "Our tabulations are as accurate as possible in a situation that changes

continually both as to names of banks and relative position according to size."

"If It's Worth Owning, It's Worth Protecting"

THE *Bulletin*, house magazine of the American Surety Company, New York, publishes one of those little stories with a moral.

A businessman who had 21 stock certificates valued at \$43,000 kept them at home in a "strong box." They weren't endorsed and he felt quite safe. But one evening, while he and his wife were out, the box was stolen.

"Now the individual realizes," says the *Bulletin*, "that he should not have been satisfied with the fact that the securities without endorsement were not negotiable and of no value to others. He should have thought the matter through another step and considered, 'What will I have to do in the event these certificates are lost, destroyed, or misplaced?'"

"He now has the answer, but unfortunately the cost came exceedingly high: namely, a great deal of inconvenience and time consumed in contacting the issuing company, and over \$2,500 in premiums for lost security bonds which we wrote under satisfactory arrangements.

"In this case," continues the article by Vice-president A. H. Russell, "we are not advocating protec-



One Of The 300

"Fastest Growing Banks"

Franklin Washington
TRUST COMPANY

5 CONVENIENT OFFICES IN NEWARK

A Good Place To Bank

MEMBER FEDERAL DEPOSIT INSURANCE CORP.

FACTUAL Appraisals

for every valuation need

- Insurance — coverage and proof of loss.
- Property, cost and general accounting.
- Corporation finance.
- Legal requirements.
- Purchase or sale.
- Reorganization, merger or consolidation.

THE LLOYD-THOMAS

RECOGNIZED APPRAISAL AUTHORITIES CO.

4411 Ravenswood Avenue, Chicago 40, Ill.

First for Factual appraisals
— since 1910 —

OFFICES IN PRINCIPAL CITIES



"It's School Time for Bankers, Too" was a public relations theme developed by Passaic County (N.J.) Chapter, American Institute of Banking. All banks represented in the chapter cooperated in carrying out a program of lobby and window displays featuring the educational work of the A.I.B. Materials were provided by the chapter, through its public relations committee. In the sample display pictured are Institute textbooks, a Standard Certificate, and a poster calling attention to the opening of the Institute classes for another year



YOU'RE OUR BUSINESS



In addition to providing the perfect liaison system for mortgage-dealer relations. Foremost Insurance Company—specialists in mobile home insurance—provides a Vendors' Single Interest plan protecting your interest in the chattel every minute there is an unpaid balance.

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INSURANCE
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Federal Square Building • Grand Rapids 2, Mich.

Because we
work
around
the clock...

**YOUR
CHECKS
ARE
COLLECTED FASTER**

**THE NATIONAL CITY
BANK of Cleveland**



623 Euclid Ave.

Member Federal Deposit Insurance Corporation

tion by insurance, but safeguarding of securities in a safe deposit box which our friends, the banks, are always glad to rent. . . . When lost security bonds are required we are anxious to have the opportunity to write them, but we do not rejoice over the misfortune of others. Loss prevention is a primary interest of our company."

That Everyday Drama, Banking

A RECENT issue of the *New Englander*, published monthly by the New England Council, Boston, included an article on how the banks of that region "handle millions in an everyday drama."

Entitled "The Moneyman," the story explains that "banks are for everybody—for the little guy with a few bucks and for the big industry with tens of millions of dollars." It goes on to tell how the New England banks are helping business and people, and says about the banker:

"The picture of the banker as a foreboding character who looks icily down a long sharp nose with a jaundiced eye is as dated as Joe Miller's joke book.

"The banker is a fellow who lives in pretty much the same manner, commutes on the same train or rides the same subway as the office worker across the street or the mechanic down the block.

"He has a specialized training which enables him to find a path through tangled financial affairs. And he's just as ready and willing to untangle the finances of a budget-confused housewife as he is to tackle the money problem of a huge industry."

"Banking," continues the article, "isn't some sleight of hand that's done with mirrors—that's for sure. It's a very down-to-earth and basic business that helps industries, communities and individuals in an understanding and very human manner. And in the helping it tries to keep them all on a sound financial basis."

Portrait of the Artist

AN artist gets his pictures in the papers readily enough, but seldom his picture.

This month, however, we catch up with Graham Hunter who drew our December cover. The photograph below was taken during the television program "Musical Jackpot" where he was a guest, describing and demonstrating the cartoonist's work.

Part of the demonstration, we're pleased to report, was his cartoon, "Glad to See You!" which appeared in the convention section of our October issue. The station was WATV, Newark, N. J. J. L. C.

Graham Hunter, right, discusses his October BANKING cartoon "Glad to See You" with Emcee Paul Brenner during a television interview



GEORGE VAN

BANKING

Markets, too, must be protected!



THE ABILITY of nature lovers to predict a tough winter by the width of the band around the woolly bear caterpillar's midriff is open to question. But, business forecasts point up the fact that competition is bound to be tougher as industry continues to pour more products into the market.

To the men who are interested in the profitable operation of a business, this means that if a company wants to maintain sales in the future, it must develop and expand its product markets. No matter how well a company may be known, if its markets are to be protected against competition, it must continue to build and maintain product recognition and acceptance.

Consistent, well-directed and properly executed business magazine advertising can be a strong and effective influence, not only in expanding and devel-

oping markets, but in increasing the effectiveness of salesmen's time by acquainting prospects with the company's products.

THAT'S WHY WE SUGGEST: *If you have a financial interest or responsibility in a company, you will want to encourage the company's management in the adequate use of Business Publication Advertising to build and protect its markets.*

As an aid to business executives who are working on plans for the future, the McGraw-Hill Department of Economics has just published a 24-page report entitled, "The American Economy—Prospects for Growth." It takes a look at the growth possibilities of our national economy, and reviews the tremendous potentials for a number of individual industries and fields. We will gladly mail you a copy without cost or obligation.



McGRAW-HILL PUBLISHING CO., Inc.



330 WEST 42nd STREET, NEW YORK 36, N. Y.



H E A D Q U A R T E R S F O R B U S I N E S S I N F O R M A T I O N

Supervisors Evaluate Management

Bank supervisory agencies give answers to basic questions on loan portfolios, accounting and auditing controls, capital, surplus, and reserves, employee training, responsibilities of directors, and other phases of management

THERE is one responsibility of the banker which transcends every other banking obligation, and that is the responsibility to manage his bank with the highest degree of competency, Homer J. Livingston, president of the American Bankers Association, told the Iowa bankers in an address at its annual convention in Des Moines. Mr. Livingston is president of The First National Bank of Chicago, Ill. "The first, the major, the transcendent responsibility of the banker is to bring superior management to his bank," he said. "In no other way can he properly serve his depositors, his community, and his stockholders. Safety and profits are the imperatives of good management."

Mr. Livingston told the Iowa bankers that his bank wrote to all national and state supervisory agencies asking a great many questions about the character and strength of bank management. Answers were received from 38 states, Puerto Rico, Hawaii, and all the national supervisory agencies. He said that his bank believes this is the first time there have been brought into one study views on bank management from the supervisory agencies over the entire United States.

In Mr. Livingston's own words, here are some of the weaknesses and strong points emphasized by the supervisory agencies:

Loan Portfolio

The most frequently mentioned weakness in bank lending and, therefore, the most frequent cause of losses on loans was the failure of the banker to set up a definite repayment plan. Of the agencies responding, 60% indicated that the lack of a repayment plan and poor loan administration caused most loan losses. The loan was made, but the follow-up was not regular and thorough. The repayment plan, it was emphasized, should be determined and agreed upon at the time the loan is made. In addition, once the banker makes the loan he should

effectively police it to see that there is full compliance with the terms.

The replies generally indicated that loaning officers were well qualified, and that poor judgment was seldom the sole cause of a loan loss. Many stated that with proper credit administration, a credit risk which proved a loss under one management might well have been salvaged by another, and perhaps even turned into a successful venture "under enterprising cooperation of bank servicing."

Bond Portfolio

The large metropolitan banks have specially trained skilled staffs managing their portfolios; and, as a consequence, their bonds are generally well handled. However, a great many banks, especially those with a small number of officers, have a very real and practical problem of bond portfolio management.

First, there is the over-all problem of acquiring the fundamental knowledge and skill required for sound investment management; and secondly, there is the practical limitation of time. In a small bank, the staff is obliged to devote most of its time to directing the operations of the bank in relation to the banking needs of the local community. Many of these smaller banks properly rely to a considerable degree on their city correspondents for advice and counsel. Notwithstanding this policy, however, nearly half the agencies returning the questionnaire said that there is a tendency to "reach for yields," with, of course, the consequent sacrifice of safety, as well as some poor spacing of maturities. This is a result, in part, of the lack of basic knowledge already mentioned and of an absence of any fixed, centralized responsibility charged with investment policy and execution, and held accountable for it.

Capital, Surplus, Reserves and Earnings

In general, most of the supervisory agencies responding to the ques-

tionnaire feel that the earnings of banks are adequate to build strong capital, surplus, and reserve accounts and that satisfactory programs for building these accounts are in effect. . . . However, there were some exceptions to this viewpoint. Among the examining agencies who believe earnings are not sufficient and that, as a consequence, capital, surplus, and reserve accounts are not keeping pace with the growth in deposits, mention was made several times that there are two problems involved. First, because of the relatively low net yields on loans and investments, combined with high tax rates, many banks are precluded from increasing capital from earnings. Secondly, programs for building capital, surplus, and reserve accounts frequently are not clearly outlined and followed. Very few programs for building capital and surplus accounts are found, according to one reply. It is said to be a hit-or-miss proposition rather than a carefully planned program for building the capital, surplus, and reserve accounts.

Reserves for losses and contingencies are, of course, as many of the examining agencies stated, related to the adequacy of the capital and reserve accounts. Here again, most of the replies concluded that such reserve accounts are adequate, although a number cautioned that there appears to be little correlation between the provision for loan losses and the current loss experience of individual banks.

Accounting and Auditing

The great majority of the replies, almost 70%, reported that the accounting systems are adequate, but that audit controls are not too well established, although progress has been made. Many replies praised the American Bankers Association and the National Association of Bank Auditors and Comptrollers for their efforts to promote the use of audit control safeguards. In short, while
(CONTINUED ON PAGE 18)



THE PORTRAIT OF PROGRESS



STEAMSHIP UNITED STATES
BUILT BY THE NEWPORT NEWS SHIPBUILDING AND DRY DOCK CO.
CONSTRUCTION BONDED BY THE UNITED STATES GUARANTEE COMPANY

By 1882, the clippers which had broken all speed records in the previous decade were being slowly displaced by bark and schooner-rigged steamships. In that year, Chubb & Son was founded and took part in the insuring of a number of these transition vessels. Today Chubb & Son shares in the insurance on most of the world's great passenger liners including the S. S. UNITED STATES, present holder of the Atlantic Blue Ribbon. We are proud of our record of "Serving the Leaders" of American Industry and Commerce.

FEDERAL INSURANCE COMPANY

Into Which Has Been Merged (July, 1953)

UNITED STATES GUARANTEE COMPANY

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**FORD TRACTOR
AND IMPLEMENT
DEALER
SUCCESS
STORIES**

"In a buyers'

Say **EARL and ANNA MAE GEISLER**
GEISLER TRACTOR CO.
Vancouver, Washington



Night view of Geisler Tractor showroom. This is the smallest part of the establishment, as the area occupied in back by the service shop and warehouse covers the width of a city block. A used equipment lot is also in the rear.



Here is Earl Geisler (left) taking delivery of two of the hottest and most competitive items a tractor dealer can have in his stock today. One, of course, is today's Ford Tractor. The other is the sensationally popular Fordson Major Diesel.



A profitable business for the right man...

Earl Geisler's success as a Ford Tractor Dealer is typical of the many thousands of aggressive dealers associated with the Ford Motor Company.

And right now, there is room for more "Earl Geislers" with this fast growing organization.

Perhaps you know a man who has the qualifications for managing a successful farm machinery dealership—a deserving individual looking for the right opportunity. You can help launch this man into a successful future by suggesting he get in touch with the General Sales Manager, Tractor and Implement Division, Ford Motor Company, 2520 East Maple Road, Birmingham, Michigan.

s' market, we'd rather be with **FORD!**"

One of the great husband and wife teams of the farm equipment business is Earl Geisler of Vancouver, Washington, and his wife, Anna Mae. These two were the entire Geisler Tractor Co. when it started in business as a Ford Tractor dealership, a little over ten years ago. Today, they head an organization of nine people, yearly gross sales run into the hundreds of thousands of dollars and their net worth is more than 29 times their modest original investment. Best of all, the return of red-hot competition in a buyers' market doesn't seem to worry them at all.

But let Earl Geisler tell it himself . . .

"I feel just as I find my customers do—that if anybody can give us more and better tractor features and quality for less cost, it's Ford.

"Ford has given us a lot in the last several years. The Ford Tractor we're selling today—the one we announced as the Golden Jubilee Model—fits the needs of a far greater number of farmers than anything else now on the market.

"There's no question that Ford knows more about mass production than anyone else in the tractor and implement business. That's why we felt extra good when we learned last fall that Ford had decided to get into the farm equipment business in a bigger way than ever before.

"It gives us a good, comfortable feeling as we get back into hard competitive selling to know that we have Ford's tremendous facilities right square in back of us. And it's good to know that our line of implements will be backed by the same engineer-

ing know-how and resources that have made the Ford Tractor what it is today. A lot of good things have happened already to show us what that kind of backing means—and I know there are plenty more to come.

"There's no doubt in my mind that I'm on the winning team. That's why, in a buyers' market, it's great to be with Ford."

* * *

The record of Geisler Tractor Company isn't an exceptional one among Ford Tractor and Implement Dealers. There are many other examples of men who have built solidly successful businesses as dealers for Ford Tractors and Dearborn Implements. And a number of opportunities at least as good as that faced by Geisler Tractor Company in its early days is available in various sections of the country right now.

If you are interested, get in touch with the Ford Tractor and Implement Distributor in your area, or write direct to—



TRACTOR AND IMPLEMENT DIVISION
FORD MOTOR COMPANY
Birmingham, Michigan





Know-how sets
the records

Competition is keen when the nation's top skiers meet at Utah's famed winter resorts. It takes skill to bring home trophies.

A parallel to the skier is the bank which achieves record gains. Over 45 years' experience and enterprise have made Continental Bank a consistent pace-setter.

Our staff is skilled in modern finance — informed on developments in agriculture, livestock and industry in the territory we serve. When you have business in the Intermountain West, ask us:
What Can We Do For You?

The Continental Bank and Trust Company OF SALT LAKE CITY

MAIN OFFICE: 200 South Main Street

CENTRAL BRANCH: 1575 South Main Street

—where banking is *everybody's* business

Member Federal Reserve System • Member Federal Deposit Insurance Corporation



Supervisors Evaluate Management

(CONTINUED FROM PAGE 14)

accounting systems appear to be adequate, control or administration of them is frequently poor.

Officers and Employees

There seemed to be almost complete unanimity among the supervisory agencies that the biggest problem and the most glaring weakness of bank management today is the matter of successor management. Over 92% expressed this view in their replies. Apparently this situation occurs most frequently in banks of "one-man control." At times, the failure to develop responsibility in supporting officers is deliberate, while in other instances, the failure is caused by inability or unwillingness to attempt to solve this difficult problem. As one superintendent of banking wrote me:

Directors

"A careful analysis of the replies received relating to directors seemed to indicate that where a lack of interest on the part of directors was evident or where the directors were neglecting their duties, the executive management of the bank was largely responsible. Either the executive officers of the bank dominate the board, or else the information they furnished the members of the board was inadequate. In both situations, directors failed to discharge their responsibilities."

Conclusions

These views of our state and national supervisory agencies are, in general, commendatory of bank management over the United States. The replies of these agencies reflect long and comprehensive experience in examining banks. Their thoughtful and constructive comments merit our careful consideration. By heeding their suggestions, we shall further strengthen the banking system and increase its contribution to the growth of the American economy. In addition, each of us will manage his bank with the highest degree of competency. That is the banker's first responsibility.

with a light to the future...



CHRISTMAS CLUB EXTENDS TO YOU A CORPORATION GREETINGS OF THE SEASON

On this holiday season, Christmas Club, A Corporation, looks back with pride on forty-three years of teaching many millions of Americans the value of thrift in achieving individual financial security.

Financial institutions all over the nation use the services of Christmas Club, A Corporation. They have discovered that Christmas Club builds business by attracting new customers for the other services they offer.

Christmas Club, A Corporation, looks forward to the future . . . to the millions of new Christmas Club members who will become acquainted with financial institutions and their services. These new members will build business for financial institutions . . . and a stronger, healthier America.

In this way, Christmas Club, A Corporation, hopes that it is contributing somewhat to "Peace on earth and good-will to all men."

Christmas Club
A Corporation

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Our bank's New

MICRO

does all our micro

1. It's so easy to use our new Micro-Twin that it's actually fun. In no time at all I can make permanent, unalterable records of all these documents on just a few feet of microfilm. The Micro-Twin is so amazing, let me show you how it works!



Bell & Howell READ AND RECORD FILM
Burroughs MICROFILM EQUIPMENT



2. First I turn this knob to *record*. It controls the single lens that does *both* reading and recording. (The boss says this two-way unit is one reason why even our small bank can afford the Micro-Twin.)



4. This tray restacks documents in the same order as they were fed into the Micro-Twin. It's all so easy! I don't have to sort them, do any rearranging or worry about making errors.



6. To refer to microfilmed documents, I simply turn the camera control knob from *record* to *read*. Then I watch the viewer indexing dial for the reference number of the documents I'm looking for.



7. The image is big, bright and clear—even in broad daylight. And to make facsimile prints, I merely place a piece of photocopy paper in the viewer and process the print in minutes without a darkroom.

MICRO-TWIN

RECORDER *and* READER

microfilming quickly and so inexpensively!



3. Next, the Acro-Feeder feeds checks, statements and other documents into the machine as fast as I can get them ready. Or, if necessary, I can hand-feed the Micro-Twin easily and quickly too.



5. These dials tell me just where certain documents are located. The right one indicates movement of the film through the camera—the left one indicates movement of film through the viewer.



8. We can record in two ways—one side of each document, printing down one half of the film and up the other, or both sides of each document side by side, simultaneously, on the full film width.

The amazing Micro-Twin puts the miracle of microfilming within reach of every bank—giving you at *new low cost* a recorder and reader for the usual price of the recorder alone. Find out what it can do for you. Your nearest Burroughs office will be happy to arrange a personal introduction to the Micro-Twin. Or write Burroughs Corporation, Detroit 32, Michigan.

*Wherever there's
business there's*
Burroughs



9. See, it's as simple as that! Thanks to the new Micro-Twin's low cost, we save all kinds of time and money on our bank record keeping and storing. The Micro-Twin can do the same for your bank!

*This department is compiled by
THEODORE FISCHER of BANKING'S
staff.*

"Best Wishes"

AT its 30th annual convention in San Francisco, the National Association of Bank Auditors and Comptrollers adopted the following resolution:

"Whereas, Dr. Harold Stonier, executive vice-president of the American Bankers Association has, for the past 27 years, been an active participant in work of the American Institute of Banking and of the American Bankers Association, and will retire January 1, 1955.

"Be it resolved, that the National Association of Bank Auditors and Comptrollers, recognizing the unique and outstanding contributions made by Dr. Stonier to banking and to education in the field of banking, extends to him best wishes and sincere hopes for a long and happy period of retirement.

"Be it further resolved, that a copy of this resolution be spread upon the minutes of this convention, and that a copy be forwarded to Dr. Stonier."

NELSON M. MCKERNAN has been elected president of Colonial Trust



Nelson McKernan



Royal Alderman



Hiram W. Phillips



Edw. H. Schmidt

Co., Wilmington, Del., succeeding R. ABBOTT SINSKEY, who was named chairman of the board. MR. MCKERNAN at the same time was elected to the executive committee of Corp-America, Inc., a holding company with interests in 24 banks, including Colonial Trust. He had retired on November 1 as a vice-president of Manufacturers Trust Co., New York. He's an alumnus of The Graduate School of Banking and a past president of New York Chapter, American Institute of Banking.

ROYAL M. ALDERMAN has joined Valley National Bank, Phoenix, Ariz., as a vice-president. For the past 25 years he was associated with McCann-Erickson, Inc., New York, fourth largest advertising agency in the world, where he was a vice-president and director. In his new position with the bank he will be coordinator of advertising, public relations, and business development.

HIRAM W. PHILLIPS, vice-president of The Seamen's Bank for Savings, New York, was honored recently at a dinner at the Union League Club to celebrate his 50th anniversary with the bank. JOHN D. BUTT, the bank's president, noted that "when MR. PHILLIPS joined our staff as a junior clerk in November 1904, the great New York subway system was only four days old and a marvel of its time. Of course, the old iron-front building of The Seamen's Bank for Savings was still pretty much of a marvel then, too, for it boasted the first elevator on Wall Street."

EDWARD H. SCHMIDT, vice-president of the St. Louis County National Bank, Clayton, Mo., has been elected financial secretary of the Lutheran Laymen's League, an international organization of nearly 100,000 Lutheran laymen.

ROBERT A. CULVER, president of The Tennessee Valley Bank, Knoxville, was elected president of the Consumer Bankers Association at that organization's 34th annual convention which was held in New Orleans.

William A. McDonnell, *second from right*, president of First National Bank in St. Louis, serves the first meal in the bank's new employee cafeteria to Mollie Rickey, president of the Personnel Women of Greater St. Louis, at a preview luncheon. Mr. McDonnell is assisted by David R. Calhoun, president of the bank's associate institution, St. Louis Union Trust Company



Main Street



R. F. Adamson



L. L. Gellerstedt

At the Citizens & Southern National Bank, Atlanta, LAWRENCE L. GELLERSTEDT advanced to senior vice-president, and was succeeded as executive vice-president by ROBERT F. ADAMSON who also was elected to the bank's Atlanta advisory board.

JACKSON B. HUNT has been named manager of the personnel department of the Charlotte (N. C.) branch of the Federal Reserve Bank of Richmond. Before joining the Federal Reserve Bank, he had been personnel director of the Dayton Rubber Co.'s plant at Waynesville, N. C.

Hanes to Retire

ROBERT M. HANES, president of the Wachovia Bank & Trust Co., Winston-Salem, N. C., told a news conference that he would retire on January 1, 1956. He reaches retirement age in September of 1955, but said he would serve out that calendar year.

MR. HANES, who was president of the A.B.A. in 1939-40, said he planned to devote his time to things he has had to forego such as hunting and fishing, and more participation in public life.

ALBERT B. MERRILL, president of the First Trust & Deposit Co., Syracuse, N. Y., was host at a dinner recently in honor of approximately 40 young lawyers who have been admitted to practice this year in the county. The event has been sponsored annually by First Trust since 1945, to give the new attorneys an opportunity to meet leading members of the area's legal profession.

CARROLL M. DEGLER, professor of economics and business administration at the University of New Hampshire, has been elected executive secretary of the New Hampshire Bankers Association. He succeeds PAUL WORMWOOD who resigned to devote full time to his bank duties.

GEORGE CURRAN was promoted to vice-president of Bank of America, San Francisco. He serves the bank's international department as head of Far Eastern, Australian, and New Zealand relations.

EDMUND F. NORDEN has been named comptroller of Hackley Union National Bank, Muskegon, Mich.

Joins P. O. Service

ALBERT J. ROBERTSON, former vice-president of the Iowa-Des Moines National Bank, has been named Assistant Postmaster General and Comptroller, as part of the reorganization of the Post Office Department. He'll be in charge of the financial affairs of the Department.

Discussing the contemplated merger in Indianapolis of American National Bank and Fletcher Trust Co. are the men expected to head up the new institutions: Seated, left to right, Evans Woollen, Jr., president; Elmer W. Stout, board chairman; William B. Schiltges, vice-chairman and chairman of executive committee; standing, Norman Metzger and Harold S. Cross, senior vice-presidents



This 500,000,000 candle power searchlight starts its trip of 508 feet to the top of the tower of Republic National Bank's new building in Dallas. The beacon requires 25 tons of wiring and electronic controls and will be visible 120 miles

A. C. SULLIVAN, vice-president and manager of the Idaho Falls office of the Idaho First National Bank, Boise, retired on November 1 at his own request because of ill health. He is succeeded as vice-president and manager by HENRY J. COMPTON. MR. SULLIVAN was for a number of years vice-president of the Walker Bank and Trust Co., Salt Lake City, resigning in 1936 to become Deputy Commissioner of the Federal Intermediate Credit Banks, Washington, D. C. He returned to banking in 1947 as vice-president of the Ameri-

can National Bank in Idaho Falls, which was later taken over by the Idaho First National.

NABAC Keys Awarded

AWARDS for "meritorious service" to the National Association of Bank Auditors and Comptrollers were given to CLARENCE H. LICHTFELDT, comptroller, First Wisconsin National Bank, Milwaukee, and EDWARD F. LYLE, vice-president and comptroller, City National Bank and Trust Company, Kansas City, Mo. They received the NABAC Key at the organization's San Francisco convention.

Mr. LICHTFELDT, a past national president, was instrumental in organizing the NABAC School for Bank Auditors and Comptrollers which he now directs each summer at the University of Wisconsin. He is chairman of the Bank Management Committee, Wisconsin Bankers Association, and holds the John A. Allen Award presented by the Honeywell Foundation for original research in banking.

Mr. LYLE, also a former NABAC president, was a section leader for the first-year accounting course at the school last summer. He has been chairman of the association's Commercial Operation Commission and president of the Kansas City Conference.

NASSAU COUNTY NATIONAL BANK, Rockville Centre, New York, is constructing a new building for its office at near-by Uniondale which is to be ready for occupancy next April. The exterior will feature large areas of glass, and there will be a drive-in

Ira C. Chaney, outgoing president of NABAC, awards the Key for Meritorious Service to Edward F. Lyle, left, and Clarence M. Lichtfeldt. The keys were awarded at the San Francisco convention of NABAC



window and pedestrian and baby carriage "walk-to" windows.

BANK OF THE MANHATTAN Co., New York, recently welcomed 100 men and 21 women into its Quarter Century Club.

R. W. SCHILLING, vice-president of The Bank of Georgia, Atlanta, was elected to the board of directors of the American Automobile Association.

ROBERT H. BOLMAN has been elected vice-president of The Bank of California, N.A., San Francisco. He was formerly vice-president and director of the Oakland Bank of Commerce.

Subject to the necessary approvals, FIDELITY-PHILADELPHIA TRUST Co. is to purchase the assets and assume the deposit liabilities of the Delaware County Trust Co., Chester, Pa. The purchase is to be a cash

transaction with no exchange of stock involved.

DECOURSEY FALES, president and trustee of The Bank for Savings in the City of New York, was elected president of the Twenty-third Street Association at the 25th annual meeting of that organization.

Miss Hale Marries

BERTIE G. HALE, vice-president and auditor of The Bank of Georgia, has become Mrs. William J. Rooke, and has resigned from the bank. She had recently celebrated her 25th anniversary with the bank and was its only woman officer. Mr. Rooke is chairman of the board of the W.R.C. Smith Publishing Co., and a director of The Bank of Georgia.

Peoples First National Bank & Trust Co. has announced election of five vice-presidents: HENRY R. BYERS, WILLIAM J. COPELAND, ELMER A. DOEGE, JAMES D. HARLAN, and GUY W. LEWIS.

HAROLD S. SEAL, assistant vice-president of Bankers Trust Co., New York, has been elected treasurer of the George "Junior Republic."

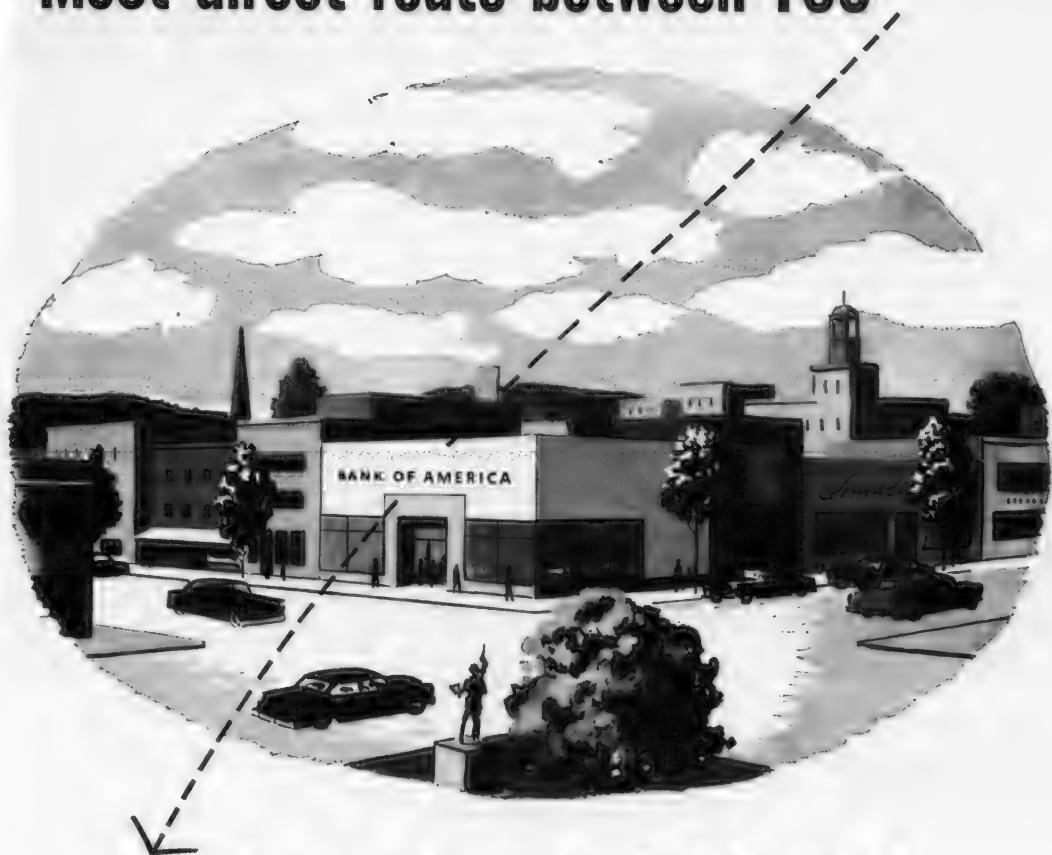
CHARLES B. HUMPTON, trust investment officer of the Bryn Mawr (Pa.) Trust Co., was honored by bank officers and members of the trust department at a testimonial banquet just before his retirement, which became effective November 1.

HUGH J. BERNARD, vice-president, Second National Bank, Houston, and
(CONTINUED ON PAGE 26)



John J. McCloy, right, board chairman of Chase National Bank, New York, and former U. S. High Commissioner for Germany, receives the "Freedom of the University" award from Prof. Ernst Hirsch, rector of the Free University of Berlin. Looking on at center is Dr. Hans D. Riesser, German Consul General in New York

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...and anywhere in California!

No red tape—no costly delays—when you use Bank of America's *state-wide* system of 543 branches for the *direct routing* of collection and remittance items. Cash letters may be sent *directly* to any one of the 330 California communities in which this bank is located and your account credited the same day they are received. This reduces float. It also means rejected items, returned directly by the branch, reach you days ahead of items traveling through usual channels. To inquire about this unique correspondent service, write Corporation and Bank Relations Department, Bank of America, 300 Montgomery Street, San Francisco or 660 South Spring Street, Los Angeles.

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CORRESPONDENT
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"Provides Intimate Service for
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At every opportunity we urge business friends throughout the country to utilize the services of our Correspondent Banks.

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STANDARD
 Wherever Money is Wrapped!

GUMMED CURRENCY STRAPS
 with solid printed reverse
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 have large dextrine gum
 area.



Write
 today
 for
 colorful
 catalog.

\$25 — Orange
 \$50 — Light Blue
 \$100 — Brown
 \$200 — Black
 \$250 — Green
 \$500 — Red
 \$1000 — Dark Blue
 \$2000 — Cerise

Style K — 1½" x 7¼"
 Standard Color Inks



STANDARD PAPER GOODS MFG. CO.
 WORCESTER 8, MASS.

A Complete Line of Money Wrappers

MAIN STREET (Continued)

member of the senior council of the Financial Public Relations Association, was elected chairman of the board of managers for the School of Financial Public Relations conducted annually at Northwestern University.

The Winters (Texas) *Enterprise* gave over most of a recent issue to stories, pictures, and congratulatory ads for the new home of the WINTERS STATE BANK. The new building has a dark granite base with Roman brick above. A drive-in window is a feature. President is JOHN Q. MCADAMS, who was president in 1950-51 of the State Bank Division of the American Bankers Association.

Col. Edens Honored

COL. WILLIAM G. EDENS, whose 90th birthday was subject of a piece in last month's **BANKING**, has been named Grandfather of the Year by the Grandmothers' Club of Chicago, Inc. The honor was bestowed in "recognition of outstanding service and in appreciation of contributions to the making of a better community . . ." and for "the type of citizenship that goes into the making of a greater America."

HARTFORD (Conn.) NATIONAL BANK AND TRUST Co. has opened its Connecticut River office as the result of the consolidation with the bank of the Connecticut River Banking Company and the Travelers Bank and Trust Co. It is Hartford National's 14th office. Prior to the consolidation, the branch operated as two banks, both located in the main office of Travelers Insurance Co.

MANUFACTURERS TRUST COMPANY, New York, welcomed 119 new members into its Twenty-Five Year Club recently, bringing the total membership to 797.

CLAYTON RYDER, who had been president of the Putnam County National Bank of Carmel, N. Y., since April 28, 1892, died on October 27.

HAROLD C. CORE, vice-president in charge of personnel of the Federal Reserve Bank of Minneapolis, retired



Jack Sitgreaves



Ruby L. Walters

on November 1. FREDERICK J. CRAMER was elected his successor.

E. JACK SITGREAVES has been elected a vice-president of Bankers Trust Co., New York.

RUBY L. WALTERS was named an assistant secretary of Manufacturers Trust Co., New York. Advancement of MRS. WALTERS raises to 19 the total of women officers of the bank. MRS. WALTERS has been secretary to President Horace C. Flanigan for the past four years, and before that was secretary to the late Harvey D. Gibson, then president. Earlier in her banking career she was with Bank of America at Los Angeles and was secretary to A. J. Gock.

The FIRST NATIONAL BANK of Clarksville, Tenn., held an open house to celebrate its 89th anniversary. President of the bank is C. W. BAILEY, 1946-47 president of the A.B.A.

Banks Consolidate

Consolidation of The First National Bank and Trust Co. of Tuckahoe, N. Y., with The Westchester Bank & Trust Company, New Rochelle, N. Y., has resulted in a bank with combined assets exceeding \$91,000,000, and with 10 offices throughout the county. The consolidated institution opened on November 1 as NATIONAL BANK OF WESTCHESTER. RALPH T. TYNER, JR., is president; OLIVER W. BIRCKHEAD, chairman of the board; EDWARD P. PREZZANO, chairman of the executive committee; JOHN F. BOLAND, senior vice-president; ROBERT N. BAVIER, chairman of the advisory board.

Subject to the necessary approvals, the TARRYTOWN (N. Y.) NATIONAL BANK AND TRUST Co. and the NATIONAL BANK OF WESTCHESTER, White Plains, hope to consolidate about December 31 under the charter of the latter institution.

The SYRACUSE (N. Y.) SAVINGS BANK recently displayed dolls representing the 60 nations that are members of the United Nations. The exhibit was arranged by the Syracuse Association for the United Nations.

HARRIS TRUST AND SAVINGS BANK, Chicago, is sponsoring two Junior Achievement companies. One, Woodchippers, manufactures and sells kitchen bulletin boards and plastic novelties. The other, The Wonderkatz, produces costume jewelry and assorted wood products.

Holds "Home-A-Rama"

THE latest in home appliances, interior decoration, do-it-yourself materials and tools, and home improvements were featured in the week-long "Home-A-Rama" of the MEADOW BROOK NATIONAL BANK, Merrick, N. Y. The show featured over 100 exhibits and was built around the theme of "how to make a house a home." The Home-A-Rama served also to introduce to the public the bank's new 7-story building in West Hempstead, N. Y., which is the largest financial building in the area.

Eighteen major door prizes were awarded, including a one-week all-expense trip to Miami Beach for two. There were three 45-minute special shows each day, ranging from a children's fashion show to a cooking demonstration.

The new St. Clair office of PEOPLES FIRST NATIONAL BANK & TRUST CO., Pittsburgh, has drive-in facilities and a large parking area. First depositor at the drive-in came in a 1905 Chalmers.

STANLEY FLETCHER has advanced to vice-president of the Chicago National Bank. RAYMOND W. FOOTE was named an assistant vice-president.

RODGERS L. WYCKOFF, former vice-president of the Liberty National

Stanley Fletcher



Rodgers Wyckoff



BUSINESS CONDITIONS IN SOUTHERN CALIFORNIA

RESEARCH DEPARTMENT
CONDENSED SUMMARY

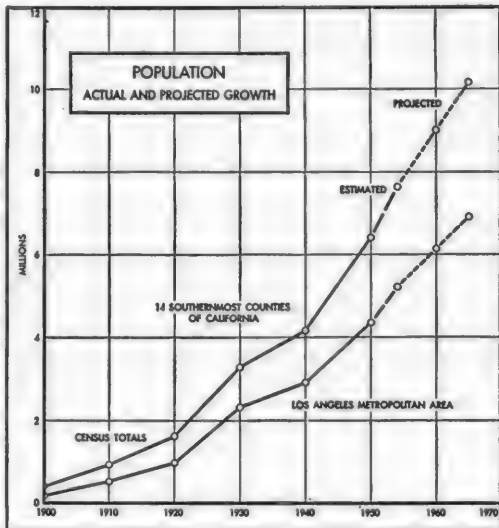
POPULATION GROWTH

A RECORD INCREASE SINCE 1950

In the 54 years since the census of 1900, the population of the Los Angeles Metropolitan Area has climbed from less than 200,000 to more than 5,200,000. In the 4¼ years from the April 1, 1950 Census to mid-1954, the gain amounted to approximately 844,000—more than the 1950 population of Boston, Pittsburgh, or Washington, D. C.

Although population growth in the Los Angeles Metropolitan Area has averaged a record 199,000 per year since the 1950 Census, the gain during the balance of the decade is projected at a more moderate 156,000 per year. To provide for this increase in the period ahead and to take care of the needs of the population already residing in the area will require construction averaging at least 1¾ billion dollars per year.

MONTHLY SUMMARY
OF BUSINESS
CONDITIONS IN
SOUTHERN
CALIFORNIA,
from which statistics
and chart shown here
were taken, is
published regularly
for friends and
customers of
Security-First
National Bank by our
Research Department.
If you would like to
receive it free of
charge regularly, write
to Bank and Customer
Relations Department.



MANAGING COMMITTEE

GEORGE M. WALLACE, Chairman
Chairman Board of Directors

JAMES E. SHELTON
President

CHESTER A. RUDE
Chairman Executive Committee

C. T. WIENKE
Vice Presidents

PAUL D. DODDS
Vice Presidents

LLOYD L. AUSTIN
Vice Presidents

RESOURCES OVER 1¼ BILLION DOLLARS

SECURITY-FIRST
NATIONAL BANK

OF LOS ANGELES

MEMBER FEDERAL RESERVE SYSTEM
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Bank & Trust Co., Louisville, Ky., has been named vice-president and loan officer of Union Bank & Trust Co. of Los Angeles.

ANGLO CALIFORNIA NATIONAL BANK of San Francisco has opened its new Midtown Office, Sacramento, the 40th office of the bank in northern and central California.

The FIRST NATIONAL BANK OF ARIZONA, Phoenix, has received the mayor's award as the outstanding firm in the city in the employment of the physically handicapped.

MILTON F. DARR, JR., and C. RONALD FAIRS have been elected vice-presidents of La Salle National Bank, Chicago. ROBERT T. HANLON was named an assistant vice-president. MR. FAIRS, who was born in London, England, is an alumnus of The Graduate School of Banking. MR. DARR is vice-president of Chicago Chapter, American Institute of Banking.

Subject to all necessary approvals, a merger has been proposed of the Bank of Hicksville, N. Y., into the MEADOW BROOK NATIONAL BANK, Merrick, N. Y. Completion of the merger would bring total assets of

The new drive-in unit at a branch of State Planters Bank and Trust Co., Richmond, is host to William A. Worth, driving an Oldsmobile he bought in 1902. A display of antique cars featured the opening of the new unit



the MEADOW BROOK NATIONAL BANK to over \$150,000,000, and give the bank its 13th office.

L. G. SADLER, who has been executive vice-president of The Citizens Bank, Cookeville, Tenn., has been named president to succeed the late J. C. DARWIN. He is also a vice-president of the First American National Bank, Nashville, with which he has been associated for 34 years.

CULPEPPER (Va.) NATIONAL BANK played host to some 3,000 persons

at the formal opening of its new building. There were prizes and souvenirs, and about 100 floral arrangements from local business firms and neighboring banks.

The Quarter Century Club of GUARANTY TRUST COMPANY, New York, held its annual reunion dinner recently at the Waldorf-Astoria, with 950 persons attending. The club's roster includes 1,444 active and retired members of the staff in New York and abroad. Overseas chapters are maintained in London, Paris, and Brussels, where the bank has branch offices.

MICHAEL E. TOMASELLO, for many years with the California State Banking Department, has joined The San Francisco Bank as an assistant vice-president in charge of loan supervision in the bank's 23 offices.

The art group members of the FEDERAL RESERVE BANK OF NEW YORK recently held their second annual exhibit. Limited to oil paintings, the contest drew 56 entries. Prizes were awarded in two classifications: beginners, and advanced.

RICHARD W. BORRENPOHL has retired from the legal division of the real estate department of the Bank of St. Louis, after 18 years of service. He received a check for \$8,516, representing his share of the bank's employee profit-sharing fund. His personal contribution to the fund had been \$1,500.

WALTER D. BEHNKE and FRED J. MCCUNE have been named vice-pres-

(CONTINUED ON PAGE 30)

Idaho First National Bank, Boise, holds annual meetings of all its branch office managers. Below is the group at the most recent such meeting. Left to right: Back row: B. C. Armstrong, McCall; Max Rawlins, Coeur d'Alene; Robert C. Thomas, Shelley; L. F. McCann, Nezperce; E. E. Nelson, Moscow; R. R. Reed, Rupert; W. G. McCurry, Meridian; D. T. Strickfaden, Council; J. Melvin O'Neal, Lewiston; Eugene H. Buster, Mackay; R. D. Barbour, Boise; Van R. Henderlider, Eagle.

2nd row: George H. Wahler, Wendell; W. G. Ferrier, Salmon; W. B. Rolfe, Buhl; C. J. Kniefel, Parma; Ray H. Farmer, Rigby; Henry J. Compton, Idaho Falls; H. H. Hanson, Pottlatch; C. L. Moss, Weiser; O. L. Jones, Wallace; A. K. Walden, Sandpoint; L. A. McDougall, Kellogg.

Front row: Wm. E. Irvin, vice-president, Boise; C. E. Alison, Coeur d'Alene; C. C. Reed, Nampa; John A. Schoonover, president, Boise; M. A. Hanson, executive vice-president, Boise; L. P. Remsberg, Caldwell; E. R. Jones, vice-president and comptroller, Boise



Does your bank have drive-in facilities?



If you have an Indemnity Bankers' Blanket Bond, drive-in facilities are covered. But here is an important point to remember: the amount of your BBB may not be *enough* to cover the *added* business that Snorkel or similar outside customer facilities will bring in.

Why not have an Agent of the Indemnity Insurance Company of North America check your Bankers' Blanket Bond? He will make sure that it is the kind you need and that it is completely adequate to provide your bank with full protection against holdup as well as many other types of loss. See him soon.



PROTECT WHAT YOU HAVE®

**INDEMNITY INSURANCE COMPANY OF
NORTH AMERICA**

One of the North America Companies which are headed
by Insurance Company of North America, founded 1792

Philadelphia 1, Pa.

WHEN YOU THINK ABOUT COINS
THINK ABOUT ABBOTT

Abbott flat tubular wrappers

2 NICKELS
5 PENNIES
5 DIMES

Abbott colored or brown kraft straps

Abbott colored flat diagonal cut wrappers

Abbott twin window (automatic) coin wrappers

WRAPPERS

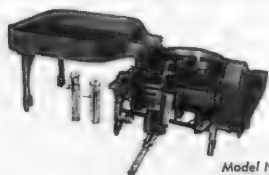
The colored flat tubular wrapper, originated by us, is today the quality standard of the banking industry—one that you are proud to put your bank name on. These easy-to-open heavy wrappers are available in nationally accepted colors. We also offer colored flat diagonal cut or twin window (automatic) in #1 grade brown kraft for all denominations. The wrappers are tough—the prices right.

ALSO

a complete line of colored currency straps in easily recognized colors and our "Peekay" straps in brown kraft with contrasting inks.

FOR MORE EFFICIENT COIN COUNTING

NEW—EXTRA FAST COUNTER-PACKAGER



Model No. 7G

Abbott's fastest coin counter, absolutely accurate, easy to service, and quiet.

For efficient money handling equipment, see your Abbott catalog.

ABBOTT

COIN COUNTER COMPANY

Manufacturers for Banks since 1911



143rd to 144th Streets and Wales Ave.
New York 54

MAIN STREET (Continued)

idents at Old Kent Bank, Grand Rapids, Mich. MR. BEHNKE, who long has been active in the American Institute of Banking, was a member of the A.I.B. Executive Council in 1946-49.

PEOPLES FIRST NATIONAL BANK & TRUST Co. has opened an office at the Greater Pittsburgh Airport.

INTERNATIONAL BANK OF WASHINGTON, D. C., has purchased the majority ownership in the International Trust Co. of Liberia, one of the two American-owned banks in Africa.

ERWIN H. WIPPERMANN, assistant secretary, has completed 50 years with Manufacturers Trust Co., New York.

D. L. BOUSE, field representative in the business development department of the Valley National Bank of Phoenix, Ariz., has been appointed to the national board of field advisers of the U. S. Small Business Administration.

JOHN N. HUNT has joined the Texas National Bank of Houston as vice-president in charge of the public relations department. He had held a similar position with Farmers and Merchants National Bank of Los Angeles.

Lewis E. Pierson

LEWIS EUGENE PIERSON, who had been the oldest living ex-president of the American Bankers Association, died November 10 at the age of 84. He was president of the A.B.A. in 1909.

MR. PIERSON started his business career in 1885 as a clerk in Hanover National Bank, New York, and became its president when only 34.

In 1904 he became president of the New York National Exchange Bank; when that bank consolidated with the Irving National Bank into the Irving National Exchange Bank he became chairman of its executive committee.

He was chairman of the board of the Irving Trust Co. from 1916 to 1935, and honorary chairman from 1939 to 1941.

He was elected president of the New York State Bankers Associa-



Lewis E. Pierson

tion at the age of 36, and three years later became president of the A.B.A. He was also first chairman of the board of regents of The Graduate School of Banking.

MR. PIERSON was former president and director of the United States Chamber of Commerce.

At the outbreak of World War II, he became active in United States defense and war savings bond drives. He was chairman of the Greater New York War Savings staff and downstate chairman of the New York War Finance Committee. Through his efforts many millions of dollars were collected for the Government's war effort. He also headed the finance section of the Red Cross War Fund of Greater New York.

He was a director of many corporations and was elected chairman of the Missouri-Kansas-Texas Railroad in 1945. He was active also in a host of civic and fraternal groups.

MR. PIERSON, as a sideline to his banking career, was interested in farming. His East Moriches farm on Long Island became a model dairy farm before he sold it.

MR. PIERSON is survived by his wife, three daughters, one son, 14 grandchildren and 10 great-grandchildren.

The SANTA MONICA (Calif.) COMMERCIAL & SAVINGS BANK is embarked on a remodeling program which is to triple its floor area.

HUDSON TRUST Co. played host to several thousand persons at a "public preview" of its newly modernized Newark and Hudson Streets office, Hoboken, N. J.

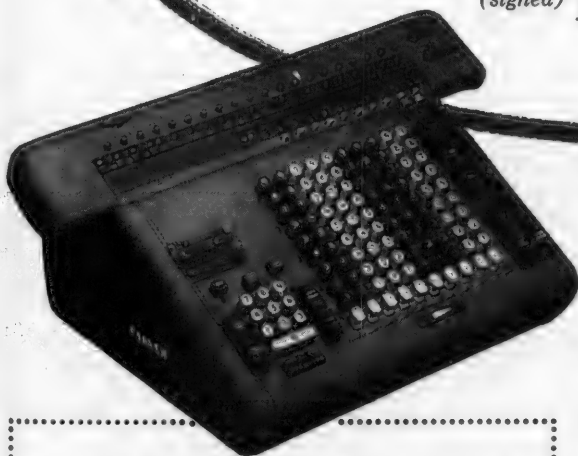
(CONTINUED ON PAGE 32)

WRITES SMITH COUNTY BANK OF CARTHAGE, TENNESSEE—

"Uneven interest periods,
odd amounts, unusual discount rates—
all are short work for the Friden.

"From the beginning, despite lack
of operator familiarity, your calculator
cut our time required for interest
computations to less than one third."

(signed) *Russell H. Pitchford*
Cashier



Automatic figuring ability of the Friden Calculator is
"like money in the bank" to any size bank because...

- The Friden performs more steps in figure-work *without operator decisions* than any other calculating machine ever developed

"BANKS . . . must invest equipment dollars carefully to obtain maximum return, and for only a few cents a day we have the finest in calculators with the Friden," Mr. Pitchford writes.

"New uses accrue to us almost daily. The fully automatic Friden Calculator figures investment yields, amortization, premiums and our payrolls. We have also applied it to computations of interest on Certificates of Deposits, and in our Savings Department, and it has proven a valuable aid in General Accounting.

"Many of the bank's customers have seen our Friden in action, and we feel we have benefited from customer appreciation that we have the best in mechanical equipment here for their convenience."

See the Friden *now*...see why automatic figuring the Friden way is your best answer to high clerical costs, employee turnover, inaccuracies. Call in your nearby Friden Man! Friden builds calculators in a wide price range, in every size, for every figuring need...Friden sales, instruction and service throughout the U.S. and the world.

Let the **Friden** THE THINKING MACHINE OF AMERICAN BUSINESS Calculator do your bank figure-thinking

NEW!

"Discovery" Feature for Primary Bonds ...NO EXTRA PREMIUM!

**COMMERCIAL AND
SAVINGS BANKS
CAN NOW
HAVE ALL THEIR
BLANKET BOND
PROTECTION
ON A
DISCOVERY
BASIS!**

Recently, when bankers were offered the new Catastrophe Excess Protection on a "discovery" basis, many of them asked to have that important feature also added to their present bonds.

Our new plan does just that. For the first time, and at no extra charge, the "discovery" feature can be included in the primary protection.

Call our nearest agent now and have him arrange this for you. If you don't know his name write our Agency & Production Department—we'll furnish it promptly.

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100 Broadway • New York 5, N. Y.

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HOMEOWNERS • ACCOUNTANTS LIABILITY • AVIATION



Lawrence Kolb



J. Magenheimer

MAIN STREET (Continued)

JACOB MAGENHEIMER has been appointed a vice-president of Chase National Bank, New York. MR. MAGENHEIMER, who has been with the bank for 40 years, is associated with the official staff handling the bank's commercial and banking relationships in the south.

J. LAWRENCE KOLB has been advanced to senior vice-president and member of the board of Marine Midland Trust Co. of Southern New York, Elmira.

J. FRED FISHER was promoted to vice-president at Security Trust Co., Miami, Fla.

Subject to the necessary approvals, the BRYN MAWR (Pa.) TRUST COMPANY and the BRYN MAWR NATIONAL BANK have announced a merger proposal, with the former as the surviving institution, with total assets at more than \$32,000,000.

EARL E. WILSON, vice-president, has retired after 36 years with the State-Planters Bank and Trust Company, Richmond, Va.

J. R. PEET has been named resident inspector of Venezuelan branches of the Royal Bank of Canada. He will also be manager of the bank's branch at Caracas.

STATE SAVINGS BANK of Ann Arbor, Mich., is building two modern branches. Both are nearing completion and are expected to be in operation before the end of the year.

HAROLD E. SCHOONMAKER was promoted to trust officer and now heads the trust department of the National City Bank of Troy, N. Y.

The CLEVELAND (Ohio) TRUST COMPANY has opened its 61st office.
(CONTINUED ON PAGE 131)



**NATIONAL HOME
MORTGAGES ARE
SOUND LONG-TERM
INVESTMENTS**

Builder Award is tribute to beauty of **NATIONAL HOMES' DESIGNS**



In a nationwide competition among all builders, Maxon Construction Company of Barrington, Illinois, recently won a Special Merit Award on its Barrington Woods Development, consisting entirely of National homes. The competition is sponsored annually by Parents' Magazine to select the "Best Homes for Families with Children," and our dealer was one of only ten U. S. builders to be so honored. The judges—leading architects and home-planning authorities—thus gave expert testimony as to the superiority of National Homes' designs. This is just another of many reasons why mortgages on National homes rate so highly as sound investments.

Inquiries are invited from financial institutions seeking a continuous source of dependable investments.

**One out of every 48 homes being built
in America today is produced by . . .**



NATIONAL HOMES CORPORATION • LAFAYETTE, INDIANA • HORSEHEADS, N.Y.



Announcing

*the
Formal Opening
of our*

**NEW BANKING HOUSE
AND OFFICE BUILDING**

*10:30 A.M.
December 1, 1954*

REPUBLIC
NATIONAL BANK of Dallas

CAPITAL FUNDS OVER \$60,000,000



LARGEST IN THE SOUTH

The OUTLOOK and CONDITION OF BUSINESS

SIGNS of a healthy crescendo in business are multiplying in the face of warnings by soothsayers that any gains this winter are likely to be modest.

Business will be trying for months to decide what the election meant to the economic life of the nation. For some time it has been common to say that the long-run prospects are excellent, but now there is a tendency to include the near-term in that optimistic picture.

There are various reasons for this. An uncertain election is behind us. The conservatives did better than they expected, and so did the so-called "liberals" and socialists, because neither expected to do very well. Practically all political groups favor pump priming of various kinds or degrees, so the tendency is for everyone to expect a continuation of inflationary pressures.

The Independent Voter

One thing evident in almost all efforts to explain the election is that the terms "Republican" and "Democrat" are inadequate and obsolete in an economic sense. The independent voter decided most of the issues to a greater extent than ever in the past. Racial and religious factors also played a part in confounding the pre-election pollsters but these are topics that are never discussed honestly, and as long as this is true they will remain mysterious and unpredictable.

One of the significant victories was won by the flexible price support policies of the Secretary of Agriculture, who had staked his reputation and administration policy on the result. The farm revolt, which the conservatives feared and the socialist-liberals hoped for, did not develop. There was no evidence of any widespread disaffection in the conservative farm vote, which does not mean that farmers like flexibility more but inflexibility less.

The "seep-down" theory of prosperity under the aegis of Secretary of the Treasury Humphrey, meaning that if business is given tax relief and gets its head in other ways the benefits permeate the whole economy, seems to be proving itself.

Dividend Showing

During the first year of peace in more than a decade, with Government spending drastically trimmed, a large number of companies will send their stockholders the fattest dividends in history, despite lower sales.

The better showing is due almost entirely to the excess profits tax removal, also in part to the elimination of overtime which raised manufacturing costs in previous years.

It has been calculated that, generally, in all industries sales have been down something like 11 or 12%. Yet across-the-board net profits are higher and dividends larger.

Corporate profits for the third quarter were off a bit from the figures reached in the third quarter of last year. Now it looks as though the whole tempo of business has been stepped up and that the fourth quarter will be more profitable than the last quarter of 1953. Also, tax provisions earlier in the year usually are calculated cautiously and final adjustments are made as of December 31. These are usually smaller than previously estimated so that at this point the outlook is quite promising.

After slipping during the lull of the summer months, operations of one corporation after another have felt acceleration during the last two months. Steel output is back in the 75% of capacity zone, against 65% in the third quarter.

The chemical and railroad industries are also perking up after many months of low volume, although tax relief alleviated declining profits somewhat. The gains first noted in August and September have held.

The rails have had improved monthly earnings and so have the utilities. The textile industry seems convinced that its low point has been passed, and the automobile industry is building up steam as the new 1955 models make their appearance.

Aircraft and cement manufacturers are also looking toward good business. The former will feast on \$4.9-billion of defense orders placed from July through Oc-

(CONTINUED ON PAGE 158)



WIDE WORLD

Post-election talk in Washington was largely concerned with "bipartisanship," the President emphasizing his desire for close coordination with Democratic leaders, and leading Democrats in Congress making known the form this coordination should take. Above, the President is shown with Secretary of State Dulles, who has long been a symbol of the bipartisan approach to our foreign policy, having been an appointee of Mr. Truman to various posts as a representative of the then "opposition"

In View of the Election . . .

LAWRENCE STAFFORD

THERE will undoubtedly be a considerable shift in the outlook for fiscal and monetary legislation as a consequence of the organization of both Houses of Congress by the Democratic majority.

For one thing, the leadership of the Joint Committee on the Economic Report will shift, in all likelihood, to "liberal" hands. If there is no change in the present line-up—and there could be—the two men in line for the chairmanship of this committee would be Senator John J. Sparkman of Alabama—if a Senator is awarded the chairmanship—or Rep. Wright Patman, if the chairmanship goes to a House member.

When the Joint Committee on the Economic Report was first created several years ago, it was contemplated that the chairmanship should alternate each two years between the House and Senate, but in prac-

tical fact until the 83rd Congress a Senator kept the leadership of this committee. In the 83rd Congress, Rep. Jesse P. Wolcott (R., Mich.) the chairman of the Banking committee, became chairman also of the Joint Economic Committee.

So there is some presumption that Senator Sparkman will be the more likely to take over, unless, in the arrangement of committee posts, the picture is changed.

The Joint Economic committee is not, of course, a legislative committee. Its recommendations do not lead to legislation in any field, but are advisory.

In point of fact, however, the Joint Economic committee has become a public forum of considerable importance. It achieves this status by virtue of the fact that its function is to review the Economic Report of the President submitted each

January, and to make a report of its own recommendations on the President's report.

To illustrate: On February 1, 1954, the Joint Economic Committee met to hold public hearings on President Eisenhower's Economic Report. In this report, among other things, the President supported the tax program subsequently enacted and the monetary policy of the Administration and the Federal Reserve.

Democrats used these hearings as the forum before which to pitch the "party line" of opposition to the President's program—particularly Democratic opposition to the tax program—and to pronounce the party policy of the expectation of a considerable downturn in business.

In brief, the Economic Report outlines the whole range of major Administration fiscal and economic policy. The Joint Economic Committee

itself ranges over this whole policy.

It is inevitable that if the opposition party controls the committee which is reviewing the whole range of the Eisenhower Administration's economic policy, the committee will expose the Administration's economic policies to the most searching analysis and criticism.

That is politics. It would be the same way if the Presidency were held by a Democrat and the chairmanship of the committee were held by a Republican. In fact such a situation prevailed in the 80th Congress, but the late Senator Robert A. Taft, as chairman of the Economic Committee, showed an exceptional and, in fact, almost rare inclination to inquire and learn rather than merely to criticize when he headed the committee.

Under the Microscope

So, one of the first consequences of the change in power will be that the present Administration's economic policies will be subjected to searching criticism. Monetary policy, even though it is also the product of the nonpolitical Federal Reserve System, will not escape.

If Senator Sparkman becomes chairman of the Economic Committee the examination of the Administration will perhaps be less critical than if Mr. Patman handles the committee. When Rep. Patman was chairman of the subcommittee on monetary problems of the Joint Economic Committee in 1951 and 1952, he reflected the wishes of the Democratic House leadership at the time, namely, that the inquiry be directed more in search of facts than in reviewing the complaints against monetary policy with which Mr. Patman has long been identified publicly.

As a matter of fact, the prospect that the Congress would go Democratic is probably responsible for the fact that the forthcoming review of monetary policy in a few days will be circumscribed in its scope.

Initially it was planned to hold a substantial inquiry into monetary policy before the convening of the 84th Congress in January. That project has been reduced in scope to a scheduled two-day hearing, December 6 and 7. Only a few questions have been submitted by the staff of the Economic Committee to the Federal Reserve and Treasury

Eximbank's Exporter Credit Line

As we go to press the Export-Import Bank is readying a long-brewing plan to help American manufacturers of capital goods retain their export markets in friendly countries in the face of intensified competition from other industrial countries. What for years was an American seller's export market latterly has become a buyer's market. Foreign manufacturers, it is alleged, are aided by governmental credit insurance in taking business away from American firms. To the extent that this may be true—and it is certain that the claims have been exaggerated—U.S. exporters will be able to get Eximbank's help, for a fee.

THE Eximbank does not propose to provide terms in all respects equal to those offered by some foreign suppliers. Eximbank is aware of the dangers of a credit race, concerning which President Eugene Black of the World Bank sounded a strong warning in September. The new plan, which will have a place for commercial banks, will tend to speed up the financing of the business of long-established exporters as well as minimize Eximbank's daily work load. Such exporters will be eligible for a line of credit covering their global exports to friendly countries, subject to certain limitations. Only productive capital equipment that will improve the foreign country's economy will enter into the plan.

OLD and established exporters of such equipment may obtain a line of credit not exceeding \$10,000,000. Eximbank expects the credits will be financed and administered through the exporters' usual commercial banks. This will tend to keep in the banks' hands business they are best fitted to do; and it should avoid wasteful duplication by Eximbank. It may even encourage the banks to take over some of the risks themselves.

To get a line of credit with Eximbank guaranty or participation, the export concern must supply rather full information on its export business over recent years. Once qualified to use the plan, the exporter then must furnish credit

information on his prospective customers. For a particular customer of the exporter the Eximbank may fix a credit ceiling within the broader line of credit allotted the exporter; and when this is done all shipments to such customer within his ceiling may be automatically put through.

The plan requires the foreign customer to pay at least 20% with his order. Another 20% must be financed by the exporter, perhaps with the aid of its own bank. The remaining 60% may be financed by the exporter's bank with an Eximbank guaranty; or, if necessary, may be financed by the Eximbank directly if no commercial bank is interested. In either event, if the 60% runs into trouble, there is no recourse on the exporter.

NORMALLY, the foreign importer's notes on the financed part of a sale will bear 5% interest, payable along with instalments of principal not less often than semi-annually. Where exchange control exists, the importer must obtain the requisite dollar assurances in advance. If the importer's credit is not deemed satisfactory by Eximbank, a guaranty by a bank in the importer's country may be used. Three to 5-year maturities are envisaged. On paper bought by or through Eximbank the latter gets a commission of about 1½% for 3-year paper; more on longer notes. Eximbank, of course, also will get the interest paid on paper it has bought.

On paper bought by a commercial bank with Eximbank guaranty, Eximbank would get not less than 2 of the 5% interest mentioned. To exporters needing no credit aid but desiring insurance against political risks—expropriation, cancellation of import permit, currency inconvertibility, war, riots, etc.—Eximbank offers coverage at lower rates on as much as 85% of the financed part of the exports concerned. With experience, the rates and other details of the plan may be changed.

This export credit insurance plan, it is hoped, will be so administered as to avoid the pitfalls of reckless trade promotion.

HERBERT BRATTER

authorities. It is always possible, however, that the hearings might be extended.

In any case, the December hearings, it was said, will be confined to a review of monetary developments since the last subcommittee inquiry was completed under Mr. Patman's direction in 1952.

So the more searching inquiry into the Administration's fiscal and economic policy is likely to be postponed until next year, after the

Democrats organize both Houses and take charge of the Joint Economic Committee, and until after President Eisenhower has submitted his 1955 economic message.

Financial Legislation

Prospects for some legislation of direct or collateral interest to the commercial banking industry may have a somewhat poorer outlook as a consequence of the shift in party power in Congress.

There will be less of a disposition to get the Government out of business, and hence even less of a prospect that legislation will be adopted to accelerate the liquidation of the Postal Savings System. Republicans, when they were in control during the 83rd Congress, failed to get such legislation passed, but the hostility of the Post Office Department was an important factor. Nevertheless, business groups had been preparing to bring considerable attention to the need this year of curtailing Government activities in business.

Legislation to define the principles which should guide the Home Loan Bank Board in granting branches to Federal saving and loan associations passed the Senate in 1954, but failed for lack of time to come up in the House committee. The leadership of the House Banking Committee, however, was sympathetic to this objective in 1954. The leadership of the House committee in the new Congress may be a shade less sympathetic.

Two Democrats, Senators Herbert H. Lehman of New York and Paul H. Douglas of Illinois, were opposed to the legislation reported out favorably earlier this year by the Senate Banking Committee on cumulative voting. Cumulative voting of national bank shares is now mandatory. The bill favorably reported would permit a national bank to amend its charter or not, so as to utilize straight voting or cumulative voting, as it chose, in voting for bank directors.

The opposition of the two Democrats will have a greater significance, since Democrats will be in charge of the Senate Banking Committee.

Bank Examinations

A new proposal was advanced in the Comptroller of the Currency's annual report. It was that the compulsory twice-a-year examination of all national banks could be waived. This would permit the Comptroller's office to distribute its work load more efficiently, but the twice-a-year examination would not be waived more than once for any bank in any two years. This proposal has not yet been the subject of hearings. Hence no reaction has as yet come from members of the Banking committees.

Consideration by the staff of the

HAVE YOU SEEN

(1) An *Information Circular* describing the operations of the new Federal National Mortgage Association. These may be obtained at FNMA's Agency Offices, located in Atlanta, Chicago, Dallas, Los Angeles, and Philadelphia, or from the Division of Information, Housing and Home Finance Agency, Washington 25, D. C.

* * *

(2) President Eisenhower's carefully outlined refinement and latest restatement of his objectives, including expansion of national production to \$500-billion. This was contained in the President's address to the National Security Industrial Association. Individual copies only may be obtained by writing to the White House Document Room, Room 88, Executive Offices Building, 17th and Pennsylvania Avenue, N. W., Washington 25, D. C.

* * *

(3) *Federal Benefits Available to Veterans and Their Dependents as of Nov. 1, 1954*, a fact sheet unofficially summarizing all currently available benefits. Write to the Information Service, Veterans Administration, Washington 25, D. C.

* * *

(4) Two reports, both of which may be obtained from the Bureau of the Census, Commerce Department, Washington 25, D. C., which give a picture of Federal AND State fiscal operations in 1953:

- (a) *State and Local Government Revenues in 1953* and
- (b) *Summary of Governmental Finances in 1953*.

* * *

(5) The pamphlet, "How Localities Can Develop a Workable Program for Urban Renewal." Behind this ingratiating title is the blunt hard notice that future planning of cities must meet with the approval of the Housing and Home Administrator, under the Housing Act of 1954. The several major strictures of Federal regulation are outlined in this pamphlet, which may be bread and butter information on future bank activity in Government-sponsored mortgage credit. This may be obtained by writing to the Housing and Home Finance Administrator, Washington 25, D. C.

* * *

(6) The report entitled, *Congressional Action on Major Economic Recommendations of the President, 1954*. While this report is in the nature of an Administration campaign document, it does, nevertheless, carry a terse summary of economic legislation enacted in 1954 by Congress. Write to the Joint Committee on the Economic Report, U. S. Capitol, Washington 25, D. C.

* * *

(7) A fresh review of Federal Reserve policy from the restraint of early 1953 to the later policy of "active ease." Write to the Board of Governors, Federal Reserve System, Washington 25, D. C., for the address of Gov. M. S. Szymczak before the Mortgage Bankers Association.

Senate Banking Committee of a possible compromise proposal to provide for further regulation of bank holding companies was suspended in view of the change in control of the Senate. Senators John W. Bricker (R., O.) and A. Willis Robertson (D., Va.), both members of the Federal Reserve subcommittee, had planned to work out a bi-partisan agreement on the terms of a bank holding company bill. To the extent that the new party leadership of Congress appears to be somewhat more "anti-monopoly minded," or hostile to bigness as such in business, legislation on this subject would have a better chance of enactment.

No "Mandate"

One consequence of the November 2 election is that neither major party firmly controls Congress.

Democrats achieved such a narrow control that it will be difficult for them to enact any purely partisan program. The President's power to veto legislation cannot be overridden except by a two-thirds majority, which the Democrats would have difficulty getting except in unusual circumstances. Hence the President can stop practically any legislation which does not appeal to many Republicans.

On the other hand, any "Administration program" as such can obviously pass only if it wins the Democrats, for the latter have a tiny majority in the Senate, a little better majority in the House, and, in organizing both Houses with control over committees, hold the power of initiative over legislation. This includes the power to refuse to act upon any presidential proposal repugnant to the Democratic leadership.

Historic Situation

This therefore creates a situation in which a hostile Congress is in a position to checkmate, if it desires, almost every proposal of the President.

Ordinarily an opposition when in control of Congress devotes its efforts to checking most Administration legislation. The objective is to show up the Administration as futile.

Under the classical theory, the party in control of Congress is actually, from the political standpoint,

(CONTINUED ON PAGE 110)

Special Hazards Plague Investors in Mexican Utilities

FOREIGN investors in public utilities in Mexico are plagued by special hazards. Mexico is an underdeveloped country with very limited domestic facilities for capital formation and, therefore, heavily dependent on outside loans and investments. Even of the limited domestic savings, an unknown fraction is sent out of the country for better safety of principal. Yet the population continues to explode at one of the most rapid rates to be found anywhere, the birth rate being uninhibited while deaths are retarded by modern techniques.

Under these circumstances it is not surprising that in the course of the next decade Mexico's power needs will double. This means a doubling of present power generating and distributing facilities and raises the question: Who is to make the investment in those new facilities? Originally electric and other utilities were brought to Mexico by foreign capital—North American and European—which is still there. Because of the vicissitudes experienced by those properties, their owners have been unwilling to make the additional investments needed, and the Mexican Government had to construct power stations and lines with very substantial financial aid from Washington.

THREE chief entities comprise the bulk of the private sector of Mexico's electric power industry. The biggest is the Mexican Light and Power Co., Mexico's largest private enterprise, domiciled in Canada, about 40% owned by Sofina in Belgium and chaired in Mexico by a Yankee, former Ambassador William H. Draper, Jr. Second is the group of 17 local companies known as Impulsora and owned by American & Foreign Power Co., Inc., of New York. The third is the Canadian-domiciled Monterrey Railway, Light & Power Co., an electricity and gas company serving only the city of Monterrey (Mexican spelling) and its immediate environs.

All three companies have experienced decades of troubles. Mexlight has paid no common stock dividend for over 40 years. In none

of the three cases, this writer believes, would the stockholders be unwilling to sell out at a fair price or even something less. But the Mexican government cannot buy them out and no one else will.

THE companies' vicissitudes have stemmed from the political turmoils which have swept Mexico from time to time, from waves of anti-foreignism, nationalism and to some degree anti-capitalism; and to frequent devaluations of the peso, linked with a most complicated law and procedures governing rates and earnings. The investor who puts dollars into Mexican utilities always thinks of the investment in dollar terms. The Mexican law and the rate-controlling tariff commission, however, regard those investments as peso investments. A rate base yielding a fixed peso return obviously, in the face of peso devaluation, produces a shrinking dollar return to the investor, who moreover must meet in dollar payments to bondholders, to suppliers of equipment for capital improvements and upkeep, and even to Mexican suppliers of oil and natural gas.

Thus, the two last peso devaluations reduced the rate bases as measured in dollars by 58.8%. After a peso devaluation, not only dollar costs but to some degree peso costs, such as wages, go up, but getting a rate increase partially approved by the authorities in Mexico City may take one to three years or even fail entirely, utility men complain. Under such circumstances the Monterrey company and Impulsora now abstain from new investment. Mexlight, however, being the beneficiary of Eximbank money, via the Mexican Government, and World Bank millions directly, has expanded its generating and distributing facilities substantially. Even there, however, the rates allowed were so modest that the World Bank had to intervene to protect its loan, with the result that Mexlight got an "interim" rate increase in September and promise of another *mañana*.

Vamos a ver.

HERBERT BRATTER

A Bone for Spotty

New A.B.A. Film for Elementary School Students

"Spotty buries a bone and thereby starts a chain of real-life situations involving 5-year-old Barbara, 12-year-old Johnny, and their Daddy. As a result, Barbara learns why and how to use a bank for saving money."

THAT'S a quick synopsis of *A Bone for Spotty*—the new film produced by the Public Relations Council of the American Bankers Association for purchase by banks and banking groups.

A.B.A. films to date have been successfully aimed at one audience—high school students. The new film is the result of A.B.A. inquiries and surveys which have demonstrated a big need for banking films aimed at another audience—elementary school students.

Produced with the encouragement and cooperation of the School Sav-

ings Committee of the A.B.A. Savings and Mortgage Division, *A Bone for Spotty* is intended to reach elementary school children with the save-at-a-bank story. *It will make an excellent holiday gift for elementary schools in local bank trading areas.*

This film is suitable for purchase by both commercial and savings banks, with or without formal school savings programs. It has three main objectives:

(1) To create a desire to save money.

(2) To explain the fundamentals of saving at a bank.

(3) To motivate young children to start and use a bank savings account.

The distribution plan for *A Bone for Spotty* will be similar to that in use for A.B.A. high school films, with one exception—the substitution of elementary schools for high schools.

Individual banks or groups of banks may purchase prints of *A Bone for Spotty*, including name identification if desired, for (a) donation to schools for permanent use or (b) loan to schools for temporary use, i.e., specific showings.

Group purchasers may include two or more local banks, clearing houses, county associations, state associations, and A.I.B. chapters.

Printed credit—a "leader"—will

Below, left: The principal characters—Barbara and Spotty. Below, right: The beginning of an adventure in saving, as Barbara watches Spotty "save" his bone



be added to the beginning of the film on request. Standard copy for this credit reads: "This film is made available through the courtesy of" name of bank or group.

Prints are not available for rental—only for preview showings to prospective bank purchasers. The film has been cleared for bank showing on television with permission of the Public Relations Council.

Full details on *A Bone for Spotty*, including an illustrated brochure and cost information, were mailed to all member banks in November. Copies of this mailing may be obtained from the Public Relations Council on member bank request.

The brochure includes facts on who should see the film, its purpose, synopsis and photographs, A.B.A. distribution plan, credit line for sponsoring banks, and suggested bank purchase-and-use procedure.

New Tools

Two new tools have been developed for distribution with *A Bone for Spotty*—one for teachers and one for bankers.

The *Teachers' Guide* contains practical suggestions and ideas for classroom use by teachers. For example: Who should see the film, who pro-

duced it, purpose, synopsis, importance, and how to use it; also general facts about saving money, a review of the over-all A.B.A. film program, and a request for comments and suggestions.

Featured are 12 specific suggestions, including objectives and activities, for integrating the subject of the film into the school curriculum.

The *A.B.A. Film Guide* is another source of tools and opportunities for better bank communications with public and personnel. It is a specialized and comprehensive source of information for member banks on the availability, procurement, and use of audio-visual tools—a guide for banks using films and filmstrips now or planning to use them in the future.

Contents include:

(1) *Banking films and filmstrips.* Subjects: A.B.A. films, commercial banking, investment banking, central banking, money, financial planning and saving, and credit.

(2) *Selected films and filmstrips.* Subjects: Public, human, personnel and customer relations, salesmanship, insurance, economic education, housing, and business machines.

(3) *Audio-visual data.* Subjects: Film distributors, film listings, film periodicals, training film sources, general film information sources, and film equipment information sources.

(4) *How to arrange a film showing*—an outline of suggested steps for insuring a successful film showing.

This new *A.B.A. Film Guide* will be included without charge in the "film package" to new purchasers

Right: Barbara's father explains that saving her dollar at a bank is safer and more profitable than burying it in the ground. Below, left: Barbara listens intently as her father and brother, Johnny, explain the advantages of saving regularly at a bank. Below, right: Barbara wants to know whether she, too, can have a "money book" like Johnny





Above, left: Brother Johnny goes to the bank to show Barbara how easy it is to deposit money and to take it out for something needed or wanted. Above, right: Spotty approves happily as Barbara clutches her own bank book after depositing her first dollar



of *A Bone for Spotty* and other A.B.A. films; it is \$1 per copy otherwise.

Other School Tools

Other A.B.A. school tools currently available to member banks include a newspaper (*School Saver*), a manual (*Your Bank's Relations With Schools*), a teaching aid (*Money and Banking in Everyday Living*), a comic book (*Peter Penny and the Magic Dollar*), a money management and budgeting booklet (*Personal Money Management*), many speeches, and miscellaneous school savings pamphlets.

These tools are available to mem-

ber banks for use in the area of school relations. They are available from the Public Relations Council.

The new film, *A Bone for Spotty*, represents an extension of the existing A.B.A. high school film program.

This program of educational films to bring facts about banking to high school students has been in existence since 1949. Almost 4,000 prints of these films on different banking subjects are being used by high schools in over 1,500 cities and towns of all 48 states.

Based on banker-teacher surveys and developed with the help of educators and the technical guidance

of film consultants, A.B.A. films have earned the applause of bankers, teachers, educational authorities, educational associations, and the scholastic press. They have proved instructive, informative and entertaining, excellent for classroom and assembly use, valuable as teaching aids.

A.B.A. films fit an educational as well as a banking need. They are all designed for easy integration into existing school curriculum programs. They represent in effect a national A.B.A. visual communications program for the banking industry.

Films currently comprising the A.B.A. high school series include:

- (1) *Pay to the Order of*, a film about checks.
- (2) *How Banks Serve*, a film about the three basic functions of commercial banks.
- (3) *Money Talks*, a film about personal money management and budgeting.
- (4) *A Future to Bank On*, a vocational film about banking.
- (5) *Using Bank Credit*, a film about bank credit.

In contrast to *A Bone for Spotty*, which is intended for elementary school children, these five films are designed for the junior high and high school student level.



Barbara's father looks on with great satisfaction as she proudly holds up her bank book

The author is personnel director of The National Bank of Jackson, Michigan.

SINCE the first writing of group life insurance policies in 1910, the favored type used by employers has been the 1-year term premium policy. Under it eligible employees are insured without evidence of insurability, have a policy with no loan value, and at termination of employment or retirement have the right to convert the face amount at the rate then applicable to the age group of the applicant. This type of policy is available at reasonable rates because the average insurable employee group usually produces a fairly stable average premium rate.

The 1-year term premium type of group life insurance is basically nothing more than current protection at a minimum rate while the employee remains with the bank. If he works until age 65 and is in good health at retirement, it is unlikely that he will convert his policy. (The cost for ordinary life would be approximately \$90 per \$1,000 per year, at a time when the employee is faced with the necessity of reducing expenditures.)

A Paradox

Paradoxically, under this conventional type of group insurance the only retiring employee eager to convert at age 65 premium rates is the one who has had bad health immediately prior to his retirement. He has the contractual right to violate the fundamental principles of insurance by making adverse selection against the company. Thus the poor risk can force the insurance carrier to insure him, and the option given to poor risks, in turn, makes insurance costs more expensive for all policyholders.

In recent years there has developed a new trend in group life insurance coverage, called group permanent. One type is used with pension plans to provide retirement income, but this is not the concern of this article. The type applicable to a typical "fringe benefit" group life insurance plan is a combination of term insurance and paid-up insur-

ance. This will be described generally hereafter as "group paid-up insurance."

In this plan of group insurance, the contribution of the employee is used to buy paid-up life insurance. Each dollar of employee contribution will purchase about two dollars of paid-up insurance. The difference between the paid-up portion bought by the employee and the face amount of the policy is covered by term insurance purchased by the employer.

Thus, each year there is a constant accretion to the gross paid-up value of the employee's policy, and a corresponding decrease in the amount of term insurance which the bank must purchase. Normal turnover will prevent the occurrence of the theoretical possibility of all policies being fully paid up and no further premiums being due from the employer. In a fairly normal employment situation, however, there is a real possibility that the net annual saving to the bank could run as high as 20% of the premium paid for the conventional type of 1-year term group life insurance.

Employee Attitude

The banker paying all the group insurance premiums for his employees will say, "My people don't want a contributory plan." But it is the opinion of the writer that they would ask for such a plan if the full benefits of group paid-up were explained to them. The employee benefits are substantial.

First, as has been stated, the em-

ployee may have a fully paid-up life insurance policy when he reaches retirement age—none of the usual worry about how he can finance the continuation of the protection he has had throughout the years of employment. (Obviously, if his contributions have not been made over the required period of years, he may not have a paid-up policy for the full face amount, but anyone beginning contributions below age 40 should be very close to reaching the full policy amount.)

A Saving Plan, Too

Second, the employee contribution is a saving plan, since he is guaranteed the return of all his contributions if he leaves the bank. If he has contributed beyond a fixed period, usually five years, he will have returned to him more than he has paid in. Likewise, the cash surrender value is available to him at retirement if he prefers it to a paid-up life insurance policy.

Third, if the employee contributions exceed a stated amount (usually \$200) he may exercise the option, if he leaves the bank, to convert the difference between the paid-up value and the face amount of the policy, at the rate applicable for his age group when he converts. (People often unthinkingly feel this is unfair, forgetting the fact that in the intervening prior years they had substantial protection at rates considerably below conventional premium rates.)

(CONTINUED ON PAGE 104)

Benefits of "Group Paid-Up Insurance"

HOMER HILTON, JR.

"That good old Christmas Spirit"

By DICK ERICSON



That good old Christmas Spirit! Time again to order decorations . . . Christmas cards . . . prepare the holiday advertising . . . programs . . . events . . .



So what if the old hand gets cramped up from days of signing? . . . think of the joy those thousands of Christmas Club checks will bring . . . oops! nearly forgot to make a note of what Mary wanted me to get for her mother . . .



Time to pitch in and decorate the office . . . make sure nobody is left off the card list . . . get the outside lights and decorations up . . .



It's an honor and pleasure to lead the community sing at the tree lighting ceremonies in the public square . . . visit the local merchants to admire their displays . . . pull the switch to light up the business section . . .



Always a big thrill to play Santa for the service club's annual party for the kids of the community . . .



Even though you hear them all day long for three and a half weeks over the office amplifier, those Christmas carols are beautiful music . . . oh, yes! I still have to get cards for the people we forgot! It always happens . . .



The office Christmas party is bigger and better than ever . . . attended a dozen given by our customers, but ours is always the best . . .



"What's the matter, Dad? It's Christmas Eve and you aren't getting into that good old Christmas Spirit!"

METHODS and IDEAS

An Operations Market Place

This department, which includes "Public Relations," is by JOHN L. COOLEY of BANKING's staff.

HERE in bright, white Bagdady-by-the-Bay the potentates and caliphs of bank accounting, audit and control had set up a big operations bazaar where ideas were to be had for the listening.

It looked like a good place for a reporter, this National Association of Bank Auditors and Comptrollers convention—and it was. For nearly a week a thousand NABACers talked methods, personnel, taxes, check standardization, systems, and that magical modern product of Aladdin's Lamp, electronics. They spent a day discussing and, in effect, constructing an audit and control program for small banks. They heard a report on what's new in bank forms. They had one session on branch bank problems, another on topics of interest to large banks. Fresh statistics came from the FBI to point up the need for loss prevention.

Quite a market place for the idea shopper, whether a delegate or reporter, and BANKING, for one, filled its basket. A few of the acquisitions have been packed into these pages. If you don't mind, we'll limit our display largely to "case histories"—what specific banks are doing to lighten their own housekeeping and improve their service.

Forms That Save Time

WE begin by sampling that talk on bank forms. NABAC has asked its members to send in whatever was new in their shops, and from this material Harry E. Mertz, the association's assistant executive secretary, and Robert H. Bukowski,

assistant secretary, set up a counter of highly practical wares—a wide variety of forms. Many were described briefly by Mr. Mertz and shown on slides; all were pinned to panels for examination at the delegates' leisure. Here are highly condensed notes on about 20.

Some Examples

A multiple safe deposit form used at Continental Illinois National Bank and Trust Company, Chicago, makes available: (1) the customer's receipt; (2) customer's notice of rental due; (3) followup of rental and cash entry to income; (4) the audit or control copy. All are prenumbered to make them self-controlling.

The daily statement at the First State Bank of Albany, Georgia, provides a comparison of this year with last year.

Second National Bank of Ashland, Ky., has a daily comparative statement, providing side-by-side comparison of same day for four years on one sheet.

Pan American Bank of Miami, Fla., employs a "similar names jacket" which, placed over a ledger sheet, lists all accounts carried under similar names, with addresses,

and serves as a "Be Careful" flag to the bookkeeper. "Think" is printed in large letters down the side of the jacket.

In banks that have a sorting problem, but aren't big enough for mechanized equipment, marginal punched cards for needle sorting may be used as a bond ledger card for the investment portfolio (Cass Bank and Trust Company, St. Louis); as a safe deposit box history card which incorporates into one record the occupancy and accounting data, maturity, and other information (City National Bank & Trust Company, Kansas City, Mo.) These provide complete selectivity on the bond and safe deposit ledgers.

Multiple Mail Form

At the First National Bank of Boston there's a multiple-copy outgoing mail form. Copies are used as follows: (1) mail department copy; (2) shipping label; (3) debit to customer's account; (4) post office copy; (5) insurance copy; (6) credit to mail expense.

First National Bank of Madison, Wisconsin, has a special mail deposit form for customers. It includes: business reply envelope; in-

Part of a convention audience



CRISTOF PHOTOS



1954-55 TEAM

NABAC'S retiring president, Ira C. Chaney, auditor, Crocker First National Bank of San Francisco, *third from left*, hands the gavel to his successor, Robert H. Shepler, vice-president and cashier of the Denver National Bank. Others in the group, *l. to r.*, Executive Secretary Darrell R. Cochard; First Vice-president Robert F. Goodwin, comptroller, Wachovia Bank and Trust Co., Winston-Salem, N. C.; Second Vice-president Edward F. James, assistant vice-president and treasurer, Fidelity-Philadelphia Trust Co.; Secretary Steve H. Bomar, vice-president and treasurer, Trust Company of Georgia, Atlanta; and Treasurer Franklin D. Price, comptroller, The First National Bank in Dallas

structions to the bank of the crediting of the item enclosed; the bank's acknowledgment, including self-addressed receipt and confirmation of the requested distribution.

A prenumbered combination form for check certification in use at the Pan American Bank of Miami provides the customer's receipt, the debit to the drawer's account, and the credit to certified checks outstanding.

Chicago National Bank's mortgage coupon books are made up for 12 payments and issued annually. Only combined principal and interest payments and tax or insurance payments are listed. The customer can use any window. Coupons go to the liability ledger bookkeeper whose ledger sheet shows the distribution of these payments from an amortization schedule attached to the top of the ledger sheet.

Commonwealth and Southern National Bank, Atlanta, prepares its correspondents' instalment loan setups, including the file folder ledger card and coupon book. Each bank using this service sends its data to C & S at the close of the day, and gets the papers back the third day thereafter.

Here's one for telephone users.

Peoples Savings Bank of Van Wert, O., places at each phone a pad for noting outgoing long distance calls. The slips are collected daily and filed. When the monthly bill arrives, the calls are checked against these tele-forms. This bank does not have a switchboard.

One bank keeps a card record of each of its insurance agent and broker customers, and of the business the bank gives to each. On the reverse side are listed the average

Embezzlements Rise

COURTNEY A. EVANS, chief of the Accounting and Fraud Section, Federal Bureau of Investigation, Washington, D. C., told the NABAC convention that the number of bank defalcations referred to the FBI rose from 879 in fiscal 1952 to 1,022 in 1953 and to 1,103 for the year ended June 30, 1954. But the amount embezzled decreased from \$8,000,000 in 1952 to less than \$6,000,000 for the last fiscal year.

Of the 305 individuals convicted during the last fiscal period 253 were bank employees and 52 worked for other types of financial institutions, Mr. Evans said. Convictions in 1952 totaled 206.

commercial account balances. A fair distribution of the bank's insurance business, in terms of balances maintained, can be assured.

First National Bank of San Mateo County, Redwood, Calif., arranges its statement of condition and general ledger to coincide with captions required for the comptroller's call report.

Color-coded Cards

At the Dartmouth National Bank, Hanover, N. H., every general ledger account is numerically coded, and the ledger sheets are color-coded; white for assets, buff for liabilities, green for income, pink for expense. General ledger tickets are preprinted with title and number, and follow the color code. The general ledger bookkeeper can sort the tickets by color and number accurately and quickly.

A multiple form for mortgages held in trust, reported by the Merchants National Bank of Mobile, Ala., is prepared from a duplicating plate. In one operation all notices and posting media are prepared, requiring only teller validation upon payment. The various items are separated by perforations.

Here's an idea for the bookkeeping department. The first check paid against a new account is carefully examined for signature. That check, if approved, is folded and attached to the statement. Thus the bookkeeper has a good signature before her for the rest of the month as she posts, eliminating reference to a signature card file.

The First National Bank of Cortland, N. Y., uses an ingenious method of summary strip accounting on its operating and expense account statements. Forms properly punched across the top and an appropriately spaced ring binder provide comparative figures, side by side.

When? How Much? How Big?

AND now, because nearly everybody is interested in "electronics" these days, we'll get an expert's guesses as to when a practical system of electronic data-handling equipment will be available to banks, what it will cost, and how massive it will be.

Offhand, Dr. Jerre D. Noe, an engineer at Stanford Research Insti-

(CONTINUED ON PAGE 120)

Public Relations

*Advertising . . . Promotion . . . Business Development . . .
Community Relations*

Parking Lot Turns Playground

IN St. Louis the NORTHWESTERN BANK has equipped its parking lot to do extra duty as an after-school playground for neighborhood youngsters.

The lot, 60 by 120 feet, was resurfaced, furnished with lighting and facilities for volleyball, half-court basketball, badminton and other games. Children using it are supervised by a staff member from Grace Hill House, a Community Chest agency.

The bank supplies the athletic equipment and pays the light bills.

President John P. Meyer says:

"There aren't enough playgrounds in this area. We hope our facilities will help to combat juvenile delinquency, and that other businesses with parking lots in congested areas may want to do the same thing."

Northwestern's lot is available to the kids from 3 to 5 and 6 to 8 P. M. every day except Friday to children 13 years old and younger.

A Little Drama Now and Then . . .

HERE's a story about a cracked safe, a beehive, and a rooster's crow in a bank lobby—three promotional ideas that clicked for LOUISIANA NATIONAL BANK of Baton Rouge. Each accomplished the always effective tie-in between bank service and local events. Each reflects alertness to what's going on just outside the door.

The story comes from Vice-president Preston V. Kors who reports that Louisiana National's television show shared two of the ideas with lobby displays. All three had rich dramatic values, as you'll observe.

"Peeled" Door Tells Story

A wave of safe-cracking in Baton Rouge was the take-off for—you've guessed it—a safe deposit promo-



Mayor Tucker of St. Louis dedicates Northwestern Bank's parking lot-playground by dribbling a basketball down court. At his right is the bank's president, John P. Meyer

tion. The bank borrowed a door "peeled" from a store's safe, hung it in the lobby amid many boxes. The papers a person should protect were shown, too; and literature describing the bank's facilities and the negligible cost thereof was also on hand, of course.

Then the battered door went on LNB's TV program. The spokesman pointed out that the store had thought itself protected, but even the manufacturer of the equipment didn't recommend a safe of that type for \$30,000 in cash and valuables. The sales message was sharpened with slides showing the bank's vault, views of the 6,000 boxes, how to reach the safe deposit department, the process of renting a box, and the low cost of protecting valuables the bank way.

Bees in the Bank

Now let's look at the bees. They came to the bank last spring, under the watchful chaperonage of Dr. Warren Whitcomb of Louisiana State University at Baton Rouge, an authority on bee culture. He brought in a special demonstration hive

which became the center of a lobby exhibit that included flowers climbing a trellis and giant plastic bees hovering overhead. Cards said: "Take a lesson from the honeybee and save a part of all you make"; "That stored-away surplus will give you confidence in the future."

"This exhibit," says Mr. Kors, "attracted more attention than any we have ever had. People lined up to pick out the queen bee, which was clearly marked. As a sidelight, Dr. Whitcomb came to the bank at closing time each afternoon and took the hive atop our 12-story building, releasing the bees for exercise. In the morning he brought them back to the lobby."

"We also put this show on our television program and had Dr. Whitcomb give a talk about bees. The top of the hive was removed and trays of live insects were held before the camera while the life of the bees was explained. Of course the terrific hum made quite an impression on the TV audience."

"During the show we brought out that honey is the bee's savings account—simply a surplus stored for

a rainy day. In conclusion we said that that very evening more than 17,000 Baton Rougeans had over \$11,000,000 in savings accounts with us—"and that," we added, "isn't hay, it's honey."

Cock-a-Doodle-Do!

The third chapter of this little story concerns the bank's promotion of the theme, "Nest Eggs Start with Chicken Feed." First at a home show booth and later in the lobby it set up a display simulating a barnyard—life-sized papier mache chickens and corn shocks, and, for super realism, the sounds picked up by a tape recorder at the state university's chicken farm.

In the lobby, particularly, reports Mr. Kors, the display was "most realistic." When the amplifier was turned on and a rooster crowed "you could see the customers stiffen and turn around to see what in the world was going on. We had some misgivings about trying this idea, but it was well accepted and did a lot to break down any feeling that a bank is a cold place."

These simple homely promotions

Here's one of the Bank of Montreal's college sports series, prepared for college newspapers across the Dominion. Insertions continue at intervals of two or three weeks during the academic year



PASSEN TACKLE (Football Coach)
says: "Keep your feet high when you carry the ball."

... and keep your chances for success high by steady saving (no matter how little)



BANK OF MONTREAL
Canada's First Bank

First National Bank in Oshkosh had this display in its two offices during the Wisconsin cheese-makers' convention. Samples, with crackers, were given to all customers as they entered the lobbies



capitalizing current local interests, were tied in with the bank's newspaper advertising.

Customer Club Gets New Accounts

A CLUB composed of 2,100 business-getting bank customers who are rewarded with trading stamps, redeemable for merchandise premiums, is flourishing at the NATIONAL BANK OF COMMERCE, Lincoln, Nebr.

"To be eligible for membership," Vice-president Robert Wekesser tells BANKING, "an individual must be a checking or savings customer of the bank. He becomes a club member after he has submitted the name of a prospect who later becomes a customer, or if he brings in a customer personally.

"The requisites are that a checking account must have at least \$100 opening balance and a savings account \$25. The money may not be transferred from any other account in the bank."

The National gives 800 trading stamps—which some merchants pass out as bonuses for doing business with them—for each new account obtained by a club member and for each "prospect" name that results in an account. The stamps are mailed when the account is opened; with them goes a card on which the member may make another recommendation.

"To be sure," comments Mr. Wekesser, "some accounts are secured

solely for the purpose of getting the stamps and are then closed out, but they are in the minority. Such problems are encountered in any promotional program.

"I have found this plan to be very satisfactory, as we utilize all our

First National Bank of Canton, O., is running a series of "human interest" newspaper ads featuring its services. A photo dominates each. Copy, limited to 100 words, goes right to the point of selling a single item. This bank attracted attention eight years ago with its "Miss Penny Presents" ads, a series that took a 5-year-old through the institution

I pay all my bills with a FIRST NATIONAL CHECKING ACCOUNT...

It's a ready means of having cash on hand without danger of losing money. And more important to me is the fact that it's a simple little bookkeeping system my husband can guide or supervise if he wants to. I never have to wait in line to make my deposits either. I bank by mail... and the bank even pays the postage. It's so handy!

present customers as salesmen or potential salesmen. A satisfied customer is the best business-getter an institution can have."

How effective is the club?

"During a recent month we received by recommendation the names of 237 prospective customers—130 in the mail and 107 delivered to the bank," says Mr. Wekeser.

"We had a total of 407 prospects. We called on all and talked to 248, sending letters to the others.

"That same month we opened 152 accounts as a result of these calls—110 were recommended customers and 42 were 'cold' calls."

Supervisors Are Solicitors

Another angle of the National Bank of Commerce plan should be noted: The business solicitation is done by male supervisory personnel. The purpose is to train these men in meeting the public, to give management a chance to sort out potential officer material, and, of course, to get new business, largely checking and savings accounts.

The customers' organization, called the "50-52-50 Club," was started as part of the bank's 50th anniversary promotion in 1952; one of the "50s" symbolizes the bank's goal of \$50,000,000 in deposits by its birthday. The name has stuck; it has been thoroughly promoted and the bank feels that any change would be of little value and would only confuse the present members.

How One Bank Teaches Thrift

TO the old PROVIDENCE (R.I.) INSTITUTION FOR SAVINGS, teaching thrift is more important than amass-

ing deposit volume—and it has a rather complete set of study materials for the folks who are taking the course.

"Our primary purpose," explains Vice-president George E. Levine, "is to convince people that they should save money, even if it is only a dollar at a time. Therefore our main emphasis is on getting new customers rather than money."

In spreading the thrift message the bank has an advertising and promotion program that overlooks few "students." There is, for example, the "sixpence letter." Written on the bank's dress-up stationery, this is sent to girls whose engagements are announced in the newspapers. It reads:

Dear Miss—:

It is said that if a bride carries a sixpence in her left shoe on her wedding day, she will experience good fortune in her married life.

A sixpence is enclosed with the thought that you may wish to use it for that purpose.

Please accept this coin as a symbol of the good luck and best wishes we feel for you on this coming joyous occasion.

Taped to the letterhead at the upper left hand corner is a bright sixpence.

Thrift Kits

Each new depositor gets a thrift kit, designed to "make banking here as easy and pleasant as possible for you." Inside are two pockets containing the latest condition statement, a booklet explaining the bank's services, the passbook, a deposit ticket, a save-by-mail envelope (with instructions for using it).

A small folder tells how to make out a deposit ticket, and why the



Chase National Bank, New York, signs as sponsor of the new half-hour "Sherlock Holmes" TV series. L. to r., Anderson Hewitt, vice-president of Kenyon & Eckhardt, advertising agency; Hamilton Shea, general manager of WRCA-TV; Jay Heitin, station sales manager; and Crawford Wheeler, Chase vice-president in charge of advertising and public relations

bank asks its customers to do this for themselves. More than 90% do, mostly at home, and much bank time is saved.

"Tent cards"—small, bright pieces that stand on desks and counters—publicize services. For example, the December card calls attention to the 1955 Christmas Club.

With its Christmas savings checks the bank encloses two signature cards, suggesting that one be passed along to a prospective saver. The other, of course, is for the recipient's renewal. The letter also reminds that the enclosed check can be deposited.

Another piece of educational equipment is a two-color card, fitting the passbook, that answers the three questions most often asked the bank: "What are your hours?"; "Where may I park?"; and "Can I use my book at any office?"

On the counters customers find supplies of a knocked-down cardboard box which can easily be folded into a small bank to house spare change.

Notes to Laggards

Letters are sent at intervals to laggards—especially those with balances under \$5. This communication suggests that the care and feeding of a bankbook is a worth-while undertaking. Approximately 14% of the customers thus approached reactivate their accounts.

(CONTINUED ON PAGE 127)

BUY and HOLD
U.S. SAVINGS BONDS

It's back to school time again for US, too

Beginning Monday morning, October 4th, most of the Officers and members of our banking staff will wear an emblem representing service conducted by Providence Chapter of the American Institute of Banking.

We are proud that so many of our banking family are willing and eager to devote evening hours to learning how to become more helpful to us and to you, and we are glad to pay the cost of these courses.

Our "students" are among our greatest assets. Their courteous, helpful and friendly service is largely responsible for the fact that during the past year The Old Stone Bank, already by far the largest savings bank in Rhode Island, has added a new office in Washington Park and demands all new deposits.

**The Providence Institution for Savings
OLD STONE
BANK**

How a Bank Can Get Into TV

The syndicated film is an effective and economical advertising and public relations vehicle

The author is press manager of the National Broadcasting Co., New York.

FREDERICK JACOBI

TELEVISION, once the nearly exclusive domain of the major national advertiser, has become available to every sponsor, large or small, who has goods or services to sell in a specific locality. The syndicated television film series—locally telecast and locally sponsored—has provided network-quality television at local-level prices. Banks—both large and small—have been flocking to the syndicated TV film series in ever-increasing numbers, and the results have been remarkable.

Twice as many banks advertised on television in 1954 as did in the previous year, and the number of banks reporting the use of this medium is more than seven times greater than it was in 1950, according to a survey of the advertising plans of the 14,130 commercial banks in the nation for 1954, made by the advertising department of the American Bankers Association.

Despite this increase in the use of television by the banks, the medium still ranks 10th and last of all advertising media used by banks. The 3,302 banks participating in the survey rank radio fifth among all advertising media, with only a third of the total—1,130—reporting plans to use radio this year. Though 10th, TV is on the upgrade, with 180 banks saying they expect to use TV advertising in 1954.

Scarcely Scratched Field

Broadcasting-Telecasting magazine recently reported that "banks offer a scarcely scratched field for the enterprising radio or TV salesman. . . . They comprise a market worth going after, for A.B.A. re-

ported that this year bank advertising of all forms will aggregate some \$68,000,000, a new high that will top the 1953 total by about \$7,000,000."

While this increase in the number of banks advertising on television is due in part to the vast growth in the number of TV stations since the Federal Communications Commission lifted the "freeze" on the building of new outlets, it is caused primarily by the recent availability of fine TV film series.

Some of these programs, like Guild Films' successful "Liberace" show, were produced expressly for syndication; i.e., for local showing and local or regional sponsorship. Others, like the award-winning *Victory at Sea* series and *Badge 714* (formerly *Dragnet*) enjoyed successful first runs on the NBC-TV network and were subsequently made available for syndication by the NBC Film Division.

That the banks across the country have found the syndicated film beneficial both to their public relations and to their ever-growing deposits is amply attested to by the accumulated evidence. Banks appear to divide their syndicated-film advertising pretty evenly between programs of the public-affairs, or documentary, type and pure entertainment.

Victory at Sea, film-and-music dramatic history of naval operations during the World War II, won every major award in the TV industry and developed a large and loyal following during its 1952-53 run on the NBC television network.

Since it was made available for

syndication at the end of its network run, over 115 television stations have shown or will show the program on a local basis. Research statistics (American Research Bureau) reveal that in its second run the program reached nearly twice as many TV homes as it did during its original run, and that it continues to grow in popularity. Several local banks sponsor this program.

Results

According to John T. Hamilton II, president of the Merchants National Bank of Cedar Rapids, Iowa, the use of *Victory at Sea* in that city has been "an important part of our advertising program, and we are pleased with the results. The many favorable comments we continue to receive suggest excellent public acceptance of this television program."

The First National Bank of St. Louis sponsored *Victory at Sea* locally during the 1953-54 season. "When First National selects a television program, two requirements must be fulfilled," C. Arthur Hemminger, the bank's director of advertising and public relations, said the other day. "The program must have wide popular appeal to serve as a vehicle for our 'service' commercials advertising savings accounts, bank-by-mail, instalment loans, and other popular bank services. Equally important, the program must have prestige in order to be an appropriate vehicle for our commercials appealing to businessmen and reflecting First National's interest in community progress."

Raleigh W. Greene, president of the First Federal Savings and Loan Association of St. Petersburg, Fla., which sponsors *Victory at Sea* in that city, says that the program "lends dignity to the advertising of

an institution such as ours. . . . Perhaps more important—we know that this program is being well received in St. Petersburg and environs.”

Not all banks go in for this kind of programming. Nearly 50 local banks sponsor the filmed pianist Liberace, whose flashing, candle-lit smile and light musical fare have enchanted many women viewers. Several banks officers appear also to be captivated by Liberace, presumably because American women control a great deal of the nation's money.

A number of banks sponsor *The Life of Riley*, a situation comedy starring William Bendix, in markets not covered by the network sponsor (Gulf Oil).

In the San Diego area, for ex-

ample, *Life of Riley* is sponsored by the First National Trust and Savings Bank. A month or two ago the bank asked depositors with TV sets if they had seen the show and how they liked it, and tabulated the results. After the totals were in, vice-president G. W. Sears reported that 86% of those who had seen the show said they liked it. Of those who don't watch it, many made no specific reference to a dislike for *Life of Riley*, but merely said they preferred some other type of entertainment.

Said Mr. Sears: “We made this survey to discover whether *Life of Riley* was being well received by our customers and we are happy to report that we are quite satisfied with our findings.”

The price structure of a syndicated film program is based upon the number of television homes in a given market. The smaller the market, accordingly, the lower the price. An advertiser with limited funds in a small market can sponsor a half-hour program—which may have cost upwards of \$25,000 to produce—for perhaps under \$100. The price struc-

ture of a successful re-run TV film program is so arranged that the advertiser receives a wonderfully low “cost per thousand.”

Most local advertisers do not have the resources to promote, advertise, and merchandise a television program as effectively as the sponsor of a network program. Recognizing the importance of these services, the major TV film syndicators provide complete and streamlined packages—or kits—of publicity material, exploitation suggestions, on-the-air promotion, advertising mats, slides, etc., to help the station build an audience for the specific program.

In addition, the major syndicators make available to the sponsors a large assortment of merchandising devices designed to promote both the program and the sale of the sponsor's product. These devices may range from point-of-purchase displays and truck-bumper strips, linking the program to the product, to comprehensive suggestions on how to set up storewide promotions and stimulate dealers, salesmen, and retail outlets to arouse local interest in the program.

A variety of publicity and advertising materials is made available to stations and sponsors by the TV film syndicators. These include announcement brochures, tags for attachment to products, bottle toppers, stickers, shelf strips, window posters, streamers, auto bumper signs, premium suggestions, and miscellaneous merchandising and promotion ideas. Also, action stills, such as those reproduced here, are included in the “press kits,” complete with captions and material for newspaper copy. Left, a scene from *Badge 714*. Below, left, part of an official Navy film included in *Victory at Sea*. Below, right, a scene from the comedy, *The Life of Riley*



Credit Unionism and Supervision

ALEXANDER CHMIELEWSKI

The author is Bank Commissioner of Rhode Island and a past president of the National Association of Supervisors of State Banks.

CONSTANTLY looming larger on the horizon, the credit union movement in this country continues to arrest the increasing interest of all other financial institutions and the attention of supervisory authorities.

The first credit union law in the United States was adopted by Massachusetts in 1909. In the next 25 years, 36 states adopted similar legislation. Today, laws providing for the chartering and supervision of credit unions are in effect in 46 states. In 1934 Congress enacted the Federal Credit Union Law.

Rapid Growth

The remarkable growth of this type of financial institution is attested by the fact that as of September 30, 1954, there were 15,271 credit unions operating in the country, with a membership of 7,650,000. Total assets had reached \$2,180,000,000, of which \$1,523,000,000 represented loans receivable, reflecting savings in the form of shares and deposits of \$1,872,000,000, supported by reserves of \$220,000,000.

Currently there appears to be no slackening in the pace at which credit unions are growing, both in membership and total assets. This rapidity in growth and continuing popularity is heartening to those sponsoring this movement; but to the supervisory authorities there is implicit a note of warning, as the future stability and soundness of the credit union movement are dependent upon the type of material going into the composition of the enlarging foundations.

Credit unions are similar, in certain respects, to mutual savings banks and savings and loan associations; but they differ from these

two types of mutual institutions in that they are made up solely of groups of people having a common bond of occupation or association—people who belong to the same fraternal lodge, make their livelihood in the same industry, work for the same company, or have something else in common which gives the group a sense of unity. They are cooperatives and have behind them a desire on the part of their members to help one another.

Fundamentally they are organizations of individuals and not of capital; but nevertheless the people who, in good faith, purchase shares or make deposits are entitled to the same protection as the depositors in the largest bank; and this protection is mandatory by law.

Vary with Management

Although credit unions may truly be said to be "grass roots" organizations from the fact that not only are the funds derived from the masses but that actual management is also in their hands; yet, we Federal and state credit union supervisors know that these institutions, like the people who comprise them,

and, in fact, like all other people, are divisible into three classes—the good, the bad, and the indifferent.

In the early years of the operation of a credit union, it is often difficult to obtain interested and competent officers and committeemen; men who are willing to assume personal responsibility, to act in sympathy with their fellow man, and to manage conscientiously the affairs of the association. After all, this thing we call management is simply the art of conducting a business in a prudent and skillful manner with a proper balance of judgment and knowledge of men.

Much of the misunderstanding between supervisors and the supervised arises from the lack of appreciation of the problems of both. The asset side of a balance sheet is but a reflection of the character and capacity of those who operate the business. Strong, intelligent, and resourceful management, knowing its responsibilities and limitations, will so conduct its affairs that its judgment will be reflected in the type of assets in which funds entrusted to its care are invested. This type of control welcomes the constructive aid of supervision, and, from it, an alert and progressive supervisor can gain much valuable knowledge to pass on to other operators. Conversely, weak and inefficient management is a most serious problem, and needs constructive criticism that points out definitely and concisely the procedures necessary to conduct safe and efficient operations.

The "Anti-Supervisors"

Unfortunately, there are those who are antagonistic to supervision. They argue that "we are a cooperative body"; "after all, the money is ours"; "supervisors are bank-minded"; "the less supervision the better." They even express the be-

(CONTINUED ON PAGE 142)

Commissioner Chmielewski



THE MONTH

MOSCOW'S PARADE HAS 'PEACE' THEME

Display of Defensive Weapons
Reflects Bulganin's Thesis
of 'We Don't Want War'

COEXISTENCE (right)—The fluffy dream of the "let's-always-be-willing-to-try-it-again" school of foreign policy philosophers—"peaceful coexistence" with the Reds—is revealed as the true snafu it is when the two headlines at the right can coexist on the same page of the same newspaper, as they did on November 8 in the New York Times

THIRTEEN YEARS AFTER (below, left)—With Pearl Harbor and subsequent events seemingly a matter of history, Japan's Premier Yoshida (carrying cane) visited Washington to seek bolstering for his country's sagging economy—and, concurrently, for his own political fortunes. Knowing that he faced a serious revolt in his own party and his coalition he sought a wide program of economic aid, lessened restrictions on U. S.-Jap trade and U. S. approval of a \$4-billion "Marshall Plan" for Asia. He obtained, mainly, an agreement on purchase of U. S. agricultural surpluses—and sympathy, to be implemented later

DOCTOR OF LAWS (below, right)—Queen Mother Elizabeth of Britain visited this country as a goodwill ambassador and a candidate for an honorary degree, which she received at Columbia University's bicentennial convocation. In the photo, she is shown at a reception in the British Embassy, shaking hands with Russia's Ambassador Zarubin, who was on hand to do whatever he could to plug "peaceful coexistence"

U. S. PHOTO PLANE DOWNED IN JAPAN BY MIG FIGHTERS

Airman Killed and Ten Others Safe as Soviet Craft Attack Over Japanese Waters

MOSCOW GETS PROTEST

Air Force Says Russians' Fire Was Not Returned by RB-29 Off Coast of Hokkaido



HARRIS & EWING



HARRIS & EWING



UNITED PRESS

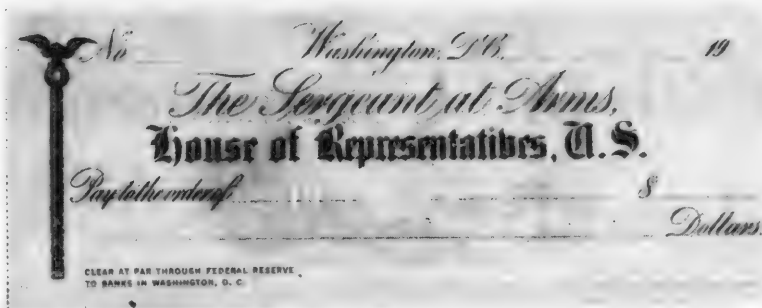
TO SUPREME COURT (left)—Judge John M. Harlan, of the Second Federal Circuit Court of Appeals, has been nominated by President Eisenhower for the vacancy created by the death of Associate Justice Jackson. His grandfather, Justice John M. Harlan, served on the court from 1877 to 1911

SPEAKER, NO DOUBT (right)—With the House membership at 232 Democrats to 203 Republicans, former speaker Sam Rayburn became Speaker-apparent in the organization of the New House of Representatives in the 84th Congress. In the Senate, the line-up was 48 Democrats, 47 Republicans, one Independent, barring barely possible recount upsets. One newspaper called the election a "switch without sweep"



UNITED PRESS

The 360 exclusive depositors have books containing these handsome check forms. At one side is depicted the mace which is carried onto the floor at the opening of each session—"the bird," as it is known in the Capitol—and in the background, a view of the Capitol. Congressmen, who in recent years have roamed the far corners of the world, report no difficulty in cashing these checks abroad



The Congressmen's Bank

HERBERT BRATTER

THE bank which the Sergeant-at-Arms operates in the Capitol for members of the House of Representatives is in a number of respects unique: in purpose, in its hours, in the money it handles, and in other ways. Like Topsy, the banking functions of the Sergeant-at-Arms of the House "just grew." Today 360 members of the Congress have checking accounts with the Sergeant-at-Arms. That dignitary pays the Congressmen their regular salaries and their "mileage." A member may authorize the automatic deposit of his salary to his checking account; or he may make deposits from time to time at his pleasure, just as in any commercial-bank checking account.

Employees of the House may cash their pay checks at this unusual bank; and they may also cash their personal or other checks not exceeding \$35. Larger checks may be cashed, provided they bear a Congressman's endorsement. Congressmen also frequently render that service to visiting constituents, occasionally with sad results.

This bank is the only one in the country that pays out new bills exclusively. The most popular denomination demanded is the \$1 note. This is followed by 10s and 20s.

Members of Congressmen's families also are granted check-cashing privileges by the Sergeant-at-Arms; and members of the press galleries are likewise accommodated. In some cases, office employees are authorized to sign for members who have accounts.

At times there is a surprising demand for silver dollars, perhaps for their curiosity value. Clarence Cannon of Missouri, John Philips of California, and Albert P. Morano of Connecticut are silver dollar enthusiasts.

The bank is open whenever the House is in session, however late the hour. Otherwise it is open from 9:30 to 3:00 and on Saturdays until 1 o'clock. When the House is in adjournment the bank's hours are 10:00 to 3:00. It is the only bank in Washington doing business on Saturdays.

When the bank is open, a uni-

formed member of the Capitol Police sits on a chair in the hall opposite the bank's door. Other members of the force are on duty nearby.

In addition to the Sergeant-at-Arms, the employees include a cashier or head teller, two tellers, and three bookkeepers. In the course of a year the Sergeant-at-Arms pays out \$5,492,000 in members' salaries and \$1,273,500 for mileage.

Although the bank is not a formally chartered institution, and hence is not a member of the FDIC, its existence is implicitly provided for in the acts of Congress appropriating funds for its operations, etc. Since the 80th Congress, the bank is audited twice a year by the General Accounting Office.

Cash in the till runs as high as \$200,000 on paydays.

This was one of the first banks in Washington to provide depositors with regular monthly statements.



Two of the bank's customers, Rep. Jesse P. Wolcott and Rep. Martin Dies, transact some business with Assistant Cashier Z. W. Johnson, Jr.

With the Compliments of the Bank

BELLE S. HAMILTON

ADVERTISING, like charity, has many sins committed in its name. Only this morning a chipper young lady came into our office to see about getting an advertisement from the bank for a home talent show her company was putting on for a local organization. The group in question had decided against getting up an advertising sheet through the assistance of the town merchants, but she had a bright idea. The bank could place an advertisement on the reverse side of the tickets which would be sold. It would be "wonderful publicity!" Mister, tell me, have *you* ever examined the back of a ticket after you had bought it? Or do you just stick the ticket in your wallet—or perhaps in your shirt pocket—and never even look at it after you have been inveigled into buying it? We thought so.

It was a man who popped this next opportunity before our startled eyes. He was selling paper tablecloths to restaurants, civic clubs, and other organizations. The cloths were divided into various-sized squares, circles, and other geometrical figures, in each of which, at carefully graded prices, was to be inserted an advertisement boosting a business firm of the city. The club members, et cetera, would then be able to buy the paper tablecloths at a price "way below cost." They

would be grateful—our buying the ad space would create much goodwill—for when diners became bored they would relieve their ennui by reading all the slogans and names, and thus our message would get before hundreds of people.

Then there were the card tables. In this case all the advertising would be made a permanent part of the table top, for the delectation of the players. Mentally we figured up the



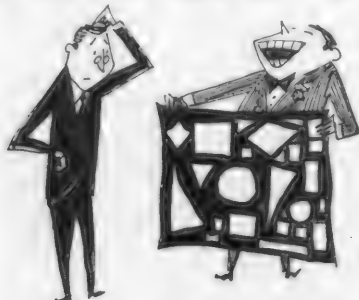
money to be received from the advertising on each table versus the cost of the table, and were not very much surprised to find that we and all the others who advertised would be paying a much higher price per table than that for which it could be purchased locally. And anyway, Reader, could you be sure of not trumping your partner's ace when your gaze wandered from your "hand" and the "dummy" before you to a bathing suit display of the local Teen-ager's Shop, to a lush strawberry sundae pictured by the town's largest drugstore, and then the sculptured lines of the latest model Cadillac? And could you concentrate on your possible need of a safe deposit box as stressed by the bank so weak-willed as to fall for this proposition?

Solicitations for advertisements in cookbooks sponsored by the

ladies' organizations of our churches and other groups provide one of our toughest problems. These nice girls, full of zeal, all of them personally known to us, are always accompanied by an ever "zealier" high-powered feminine representative of the company which is to compile and publish the book. It is easy to see that they are somewhat in awe of her. You ask them, "What percentage will your organization get of the money spent for advertising in this book?" They look appealingly at their mentor, who takes over briskly with "Oh, they get a large percentage—almost all of it, in fact," and then turn to us, relieved and hopeful.

It is embarrassing to insist on getting the details. When we do, it generally leaks out that the ladies are not only furnishing the recipes, but also are soliciting the advertising, of which the first several hundred dollars goes to the out-of-town firm, and then they get *their* share of the advertising money in the published books, which they still must sell to their patient friends before they get a thin dime. Besides that, as far as advertising goes, what housewife, looking at the complicated recipe for Aunt Sukie Etchenheimer's prize lemon cream coconut cake is going to waste time reading the advertising across the page from it?

(CONTINUED ON PAGE 148)



Canada's Recent Production Records

C. M. SHORT

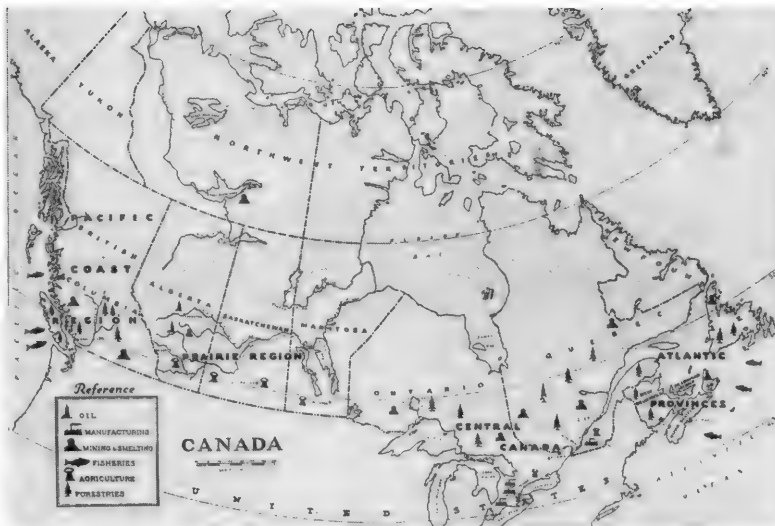
THE productivity of Canada has increased by more than 25% since the end of World War II, notwithstanding the economic recession of the past year. This general figure, however, conceals some extremes, notably those between a continued high rate of production of most minerals and low crop yields this year over the greater part of the agricultural domain. In fact, no yearly record presents such contrasts in production of materials as those now apparent for 1954.

Mineral production is now more than double that of 1945, when it was still under the stimuli of such strategic metals as aluminum, nickel, and copper, required from Canada to overpower the Axis nations. The greatest increase has, of course, been in the two basic minerals, oil and iron, in which Canada was deficient until the vast iron fields of Quebec and Ontario were opened up or extended, and oil exploration brought phenomenal results in Alberta, all of this development occurring in the last few years.

300,000 Barrels a Day

Oil has this year reached a production level of nearly 300,000 barrels per day from proved reserves of approximately 2.5-billion barrels available from over 5,000 wells. These are mainly in Alberta but partly in several new fields in Saskatchewan and Manitoba. The current output is more than 10 times that of 1945 but is still below the available capacity of the proved wells.

Refining capacity has expanded enormously, to about 600,000 barrels per day, triple that of 1945, while the 400 miles of pipelines in that year have been extended to approximately 4,000. In addition, gas reserves of more than 12-trillion feet have been developed which have attracted a quite large petrochemical industry to Alberta, while leaving



This map is from "Industrial Opportunity in Canada," published by the Imperial Bank of Canada, whose head office is in Toronto

a surplus for planned distribution to central and eastern Canada and for export to certain American areas if and when authorities in Washington permit such a movement.

The Canadian coal industry has, of course, been affected adversely by the spectacular oil development and is now operating barely at pre-war level. But metal production has risen by about 50% above that of 1945. The biggest increase has been in iron, the output of which can now be raised fully four times above the peak of the last World War.

Expansion in Manufacturing

Manufacturing facilities are more than one-third greater than in 1945. While there has been considerable expansion in nondurables, both in quantity and variety, the growth in durables has been the most marked, partly, of course, because of Canada's rearmament program involving, over the last four years, government appropriations exceeding \$5-billion. The new industrial facilities include additional lumber, wood pulp, and paper mills which have provided for about one-fifth

more forest products than were available under the wartime pressures for these important materials.

The Grain Crops

A succession of high grain crop yields in western Canada, together with a much more mechanized farming system, raised agricultural production by 40% over that of 1945. But this year crop losses have been both severe and extensive, these stretching straight across Canada and being felt in orchards in both British Columbia and Nova Scotia, as well as in the grain fields from Alberta to Quebec. The grain crops in the West are the poorest in both yield and quality in many years.

So much for the over-all results of the greatest economic expansion program ever undertaken in Canada, one requiring new capital expenditures of more than \$20-billion, mostly private investment. This program has been mainly of a sound economic character and beneficial both to Canada and her Allies of the free world for it has added considerably to the resources of the democracies. But

(CONTINUED ON PAGE 136)

GOVERNMENT BONDS

*Prospect for 1955 . . . Election fails to clarify outlook . . . Refunding
. . . Treasury cash requirements reduced . . . Open Market Committee
helps Reserve*

MURRAY OLYPHANT

PRESENT forecasts expect that business in 1955 will be at least as good and perhaps somewhat better than in 1954. Unemployment has been declining. The steel industry shows signs of turning for the better. Inventories are reported to have been lowered to a point where their replacement is in order. If this is true, the volume of loans may benefit.

That there will be continued large expenditures for public improvements seems forecast by the voters' approval of bond issues for various purposes. Corporate needs for capital may not be quite as great as this year but should remain high. There is still need for more and better housing.

If these forecasts are reasonably accurate, how can there be an increased demand for Government bonds or a lowering of the interest rate structure? What can be hoped for would be stabilization of the price level not very much above or below where it is at present. After the decline which has occurred, perhaps stabilization somewhat above present prices is the more likely.

On the other hand, if business falls off, capital requirements decline, housing starts need less money and unemployment fails to decline further, then a surplus of credit could hardly fail to lower the cost of money and at the same time raise the prices of high grade fixed income securities.

Election Results No Answer

The result of the election was another uncertainty in so far as the Government market was concerned. While control of Congress by the Democrats might be interpreted as assuring preference for easier money

policies, there will be no change in the Board of Governors of the Federal Reserve System or of the Treasury Department staff whose attitude toward the maintenance of "sound" money has been clearly expressed. In the event that business volume should increase sufficiently to have inflationary implications, it is not likely that credit would be allowed to remain redundant. However, if business should fall off, credit would be made available. This would be true regardless of the election results.

To have so many Government bonds selling below par will undoubtedly excite comment from Mr. Patman and his group but comment does not raise prices and the undesirability of "pegged" markets has been amply demonstrated. So we will have to wait and see how business shapes up in 1955 because that will be the determining factor in the behavior of the market.

Commodity Credit Corporation Gets \$1,150,000,000

The offering of \$1,150,000,000 of loan participation certificates by the CCC on October 27 received a heavy oversubscription. This was not surprising as the issue was well baited with a rate of 1½% to August 1, 1955 (better than expected), the right of redemption, and the privilege of payment by credit to the tax and loan accounts of accredited depositaries.

Subscriptions were received for a total of over \$4,400,000,000. Over 3,700 banks were subscribers. Final allotments were 25% of the amount subscribed for after subscriptions of \$50,000 or less had been allotted in full.

Not only were the CCC certificates

an excellent addition to the secondary reserves of the commercial banks, but they were also very helpful to the Treasury department which otherwise would have had to supply the CCC with the money. Had that been the case, the total debt, subject to the limitation of \$281-billion would have neared \$280-billion, too close for the Treasury's comfort. Now there is about \$2.75-billion available if necessary, with the decided probability that nothing like that amount will be needed and some possibility that none will be required. Should any be needed, it could readily be obtained from TA certificates maturing in June 1955.

Hence Treasury cash needs can be dismissed as a market influence for a considerable period possibly until the middle of next year.

Refinancing Prospects

At the A.B.A. convention in October, Under Secretary Burgess seemed to indicate that the time was not ripe for more long-term bonds, so the market got a little courage.

Naturally, no Treasury spokesman could make any definite forecast of the December refinancing of \$17-billion plus in anticipation of the final results of the conferences with all groups of security holders scheduled for mid-November.

Conditions being what they were, a new long-term bond issue—20 to 30 years to maturity—seemed unlikely unless the managers of long-term investment funds indicated their desire for such an issue. This could only be the case if these managers were anticipating a decline in the large amount of mortgages and capital issues which, so far, have been available.

Whether or not a long-term bond

was to be included in the December exchange offering, there was considerable expectation that a one-year certificate would be provided to take care of the Federal Reserve banks holding of about \$7-billion of the maturing certificates, and similar anticipation that an intermediate-term bond would also be made available.

Treasury Position

As of October 29 the balance in the general fund of the Treasury was \$6,663,000,000 although the excess of withdrawals over deposits for the month had been almost \$3-billion.

November seemed likely to show about the same cash deficit. December, because of tax payments, might break about even as was true in September, so the balance in the general fund could be over \$3.5-billion at the year-end. This would not be excessive but could prove to be enough to carry on until the heavy March tax payments are received. If not, TA certificates might be sold.

Making sure that ample bank reserves were available to care for the increased deposits resulting from bank purchases of the 1½% notes 5/15/59 paid for on October 4, the Open Market Committee added

\$810,000,000 bills to its portfolio in the two weeks ending October 6. Sales of \$228,000,000 were made in the last two weeks of the month but in the following week \$289,000,000 were acquired bringing the total portfolio up about \$900,000,000 for the six-week period. Payment for the CCC certificates was due November 12, so the last acquisitions seemed to be in preparation for that.

This action seemed a little precipitate, as on November 8 the Treasury sold its weekly bill issue at 0.94%, compared with 1.02% the previous week and the lowest cost since August 23, while Federal funds declined to ¼% after ranging between 1% and 1½% for some time previously.

Uncertainties

In almost every respect the tone of the market for Government securities during October was similar to that prevailing in the previous month. New state, municipal, road and bridge and corporate capital issues as well as new real estate mortgages continued to sop up available investment funds at rates more remunerative than could be obtained from U. S. Government obligations. While the open market committee of the Federal Reserve banks kept

its hand on the throttle of credit supply, it slowed down on the curves and only resumed moderate speed on the straight-a-ways.

As a result of political and business uncertainties, holders of Government issues continued to do very little; but whatever was for sale could find takers only at price concessions.

Some Declines

The intermediate-term bonds registered market declines. The big (over \$11-billion) issue of 2½% bonds 11/15/61 nearly reached par, down about two points from their earlier peak. The same was true for the 2¼% bonds 1962/59 off about 1½% points. Likewise the notes, among which the recently issued 1½% 5/15/57 were available at a small discount.

Shortest Terms Fared Best

There seemed to be little or no absorptive power in the market except for the shortest-term issues. The big \$8,662,000,000 issue of 2% bonds maturing December 15 was in demand and steadily maintained a "rights value" of around ⅜ but funds for the purchases of the 2% bonds appeared to have been obtained by the sale of other issues.

The Investment Markets

H. EUGENE DICKHUTH

Most people in the financial district went so far as to interpret the elections as an over-all ballot of confidence in the Administration's economic policy. Contributing bullish factors were the rising number of higher dividend declarations this year, which a few months ago were not even regarded as within the realm of possibility.

Voters approved issuance of more than \$1-billion in new local government bonds. Since most of these obligations will result in new construction projects, the building industries and their suppliers will be one of the chief beneficiaries. In New York State alone, bonds in excess of \$500,000,000 were approved for two building projects.

In other words, the steady parade of tax-exempt bonds which have been fed into the investment markets is likely to continue for many more months. There were and, undoubtedly, there will be times in the future when this fare is not always digestible immediately in the volume offered. However, the steady accumulation of savings and investment funds makes it almost certain that, in the long run, the absorption of offerings is assured.

Bank stocks rallied slightly after the election news was out, but not to the same extent as shares on the

Big Board. There is little speculation in bank stocks these days and very little short interest, so that short covering plays hardly any part in the bank stock market. Thus, bank stocks did not have short covering demand. As a result the advances were small.

Recent reports of investment companies have shown rising holdings of bank stocks. Included in these portfolios are banks from coast to coast. The investment companies reporting their increased interest in banks were Investors Mutual, Inc., Keystone Custodian Fund series S-1, Nation-Wide Securities and New England Fund.

Another element of interest and stimulus to the investment markets came out of the last New York savings banks convention. William A. Lyon, New York Superintendent of Banks, said the Banking Department had modified its previous opposition to preferred stock issues. He said this was applicable to both commercial and savings banks.

In the past, approval of preferred stock issues was reserved chiefly to unusual and extraordinary circumstances, as during the depression. Preferred capital is now regarded by the supervisory authorities as "more broadly appropriate and useful than that." The reasoning is that such a security has attractions for certain institutional investors that common stock does not have. Preferred stock even for savings banks is not exactly unknown and there have been a number of instances in which savings banks borrowed for surplus purposes. It would help the investment markets.

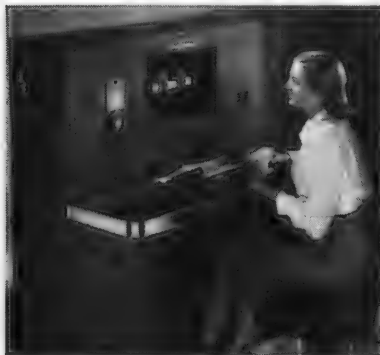
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The Country Banker



Some 350 bankers and guests attended the A.B.A. Agricultural Commission's agricultural breakfast in Atlantic City, N. J., during the Association's 80th annual convention. A section of the head table, above, shows John L. McCaffrey, president of the International Harvester Co., Chicago, right, giving an address on "The Future of Mechanization in Agriculture." Others in picture, left to right, A. G. Brown, A.B.A. deputy manager in charge of the Commission; Burr S. Swezey, president, Lafayette (Ind.) National Bank; Floyd E. Lull, president, Smith County State Bank, Smith Center, Kan.; Nicholas A. Jamba, vice-president, National Bank and Trust Co., Norwich, N. Y.; Sherman Drawdy, president, Georgia Railroad Bank & Trust Co., Augusta, and A.B.A. treasurer; and W. H. Allen, New Jersey's Secretary of Agriculture. Jesse W. Tapp, vice-chairman of the board, Bank of America, Los Angeles, and Agricultural Commission chairman, was seated next to Mr. McCaffrey and is not shown.

News for Country Bankers

This department is edited by
MARY B. LEACH of BANKING's staff.

Farm Mechanization Future

WHEN we talk about the future of mechanization of agriculture there are just two major questions to be considered, John L. McCaffrey said in an address at the agricultural breakfast sponsored by the A.B.A.'s Agricultural Commission during the Association's Atlantic City convention. The two questions mentioned by Mr. McCaffrey are:

"(1) What will be the degree and the speed of mechanization in the year ahead?

"(2) What will be the general nature of the technological changes in the future?"

In conclusion, Mr. McCaffrey stated: "There are two things about farm equipment—and about the financing of it—which none of us should ever forget.

"The first and most important is that farm machinery is a product which pays for itself in use. That is the only basis on which it has ever been salable, and the only basis on which it ever will be salable. It must pay back its own cost and return a profit to its owner within a reasonable period of time, or it will not be bought.

"The second fact is that over the years—and our credit records for many, many years will prove it—the farmer's judgment on how much equipment and what kind of equipment he needs has been very good judgment indeed. He knows, usually better than any one else, what it takes for him to earn the maximum profit.

"Our job in the farm equipment industry is to help him do his work and earn his profit. We have to design machines that will do what he wants done, do it the way he wants it, sell for a price that he can reasonably afford, and pay for themselves in use.

"Those are the same things we have always had to do. They will not change in the future. As we went about our task in the past, we have always had a great deal of help, and many friendships, and many common interests with you men in the banking profession. As we face the future, if we can count on the same friendship and understanding and support from you, I believe we will be able to get the job done."

CCC Interest Certificates

As a result of the opening of the books for receipt of applications from commercial banks for certificates of interest totaling \$1,150,000,000 offered by the Commodity Credit Corporation, 3,740 banks subscribed a total of \$4.4-billion. Because of the heavy over-subscription, participation was like this:

Applications up to and including \$50,000 were allotted in full, and

(CONTINUED ON PAGE 62)

HUSBAND GONE...

thank heaven the bank saved my home

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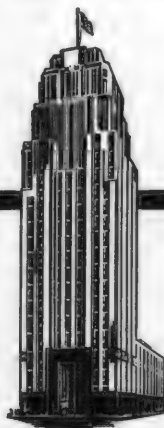
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(CONTINUED FROM PAGE 60)

applications exceeding \$50,000 were allotted on the basis of 25% of the application, except that no such allotment was less than \$50,000.

The certificates bear interest at the rate of 1½% per annum and will mature on August 1, 1955, but will be purchased by the CCC prior to maturity upon demand, except during the 9-day period preceding the date of maturity.

The banks, in financing these farm price support loans, have made it possible for the CCC to return over \$1-billion to the Treasury that was borrowed earlier this year. Banks qualified to maintain Treasury tax and loan accounts may utilize these accounts in connection with the purchase of certificates.

Rogers' Cattle Loan Musts

"OUR bank is very proud of the record it has made in agricultural loans and even though we have loaned millions of dollars over the years, we have never lost a dollar on loans made to cattlemen or citrus growers," said J. Carlisle Rogers, president of the First National Bank of Leesburg, Fla., while speaking at the first annual Cattlemen's Institute at the 4-H Club Camp, Highland County, Florida.

Mr. Rogers said that when he first started making cattle loans, he adhered to five basic requirements, which he still follows. These are:

(1) Cattlemen should be honest and industrious.

(2) He should be experienced in taking care of cattle as well as his pastures.

(3) Cattle offered as collateral should be inspected and appraised, and be worth more than the amount of the loan.

(4) Cattle should have a home either on the applicant's own ranch with ample feed, water, and protection, or have a leased pasture home, with a lease running beyond the expiration term of the loan.

(5) A definite plan and commitment should be made for retiring the obligation. A cattle loan should be made for a definite period tied in with a marketing program.

Other cattle loan "musts" mentioned by Mr. Rogers include: (1) Pastures should be of good soil and improved as rapidly as possible; (2) cross-fencing with water in each field; (3) scales and good loading

Farm Credit Conference

The A.B.A.'s National Agricultural Credit Conference is in session in Memphis, Tenn., as this issue of BANKING comes off the press. The conference will, therefore, be reported in the January edition.

pens should be located adjacent to a highway; and (4) availability of good bulls.

Forestry-Scholarships

IN a recent mailing to members, the Illinois Bankers Association included a letter and order form from the State Division of Forestry. The letter explained for what purposes trees may be purchased and the order form gave a list of the seedling varieties obtainable and the price per 1,000. It was intended, of course, that banks, in turn, should pass this information on to customers who could or should take advantage of the opportunity to obtain seedlings from Illinois State Division of Forestry's tree laboratory.

IBA has also announced that it will continue its winter short course scholarship program which last year enabled 25 boys to attend agricultural classes at the University of Illinois. The association hopes to broaden the scope of the program.

Reasons for Farm "Rep"

THERE are six main reasons for a bank's having a farm representative," said Douglas Oswald, farm representative of the Commercial Bank and Trust Co., Ocala, at the Florida Bankers Association's Bankers Agricultural Credit Conference in Gainesville. He listed these reasons as: (1) To achieve a sounder farm credit program; (2) to improve a bank's service to its farm customers; (3) to assist in promoting desirable changes in local agriculture; (4) to represent the bank at all meetings on matters pertaining to agriculture; (5) to keep up with the complex changes going on in farming each year; and (6) to advise bank directors and officers on agricultural matters.

Mr. Oswald divided his daily activities into five separate categories,

(CONTINUED ON PAGE 156)

When Virginia Hall, right, assistant cashier of the First National Bank and Trust Co. of Tulsa, bought Heartbreaker, the Tulsa State Fair's champion junior steer, 17-year-old Tulsa 4-H'er Loretta Carter, left, was happy over the \$2,500 recordbreaking check received from the bank. But when First National took charge of her big Hereford playmate to send him to the slaughterhouse, Loretta cried. For several years First National has bought the champion junior steer at the state fair auction and steaks from the steer are later served at a \$100-a-plate benefit dinner for the Tulsa's Boy's Home



Forest Credit in Action

Terms of Some Loans Made by Banks in the Northwest

STUART MOIR

MR. MOIR is a forest counsel with headquarters in Portland, Oregon.

IF we take care of our forests, our forests will take care of us" is an old slogan which forest owners throughout the United States have come to respect as a truism which cannot be ignored if we are to maintain our timber economy.

To this end, tree farming has become one of the most important enterprises in the nation today. Growing trees, however, like raising any other crop or engaging in any business, needs financing. The individual who puts his forest resource and effort into a tree-growing enterprise may need bank credit from time to time.

The forest crop is no different from any other agricultural crop. It only takes longer to mature the harvest. A properly managed forest is an income property under present economic conditions. Timber values are not likely to drop during the next 50 years, and the long-time tendency will be for a climb in values.

The industrial forest owner and persons owning and operating extensive forest properties are able to find sources to finance their timber growing operations. The small non-industrial forest or woodlot owner, the small-scale tree grower, or the tree farmer has had no similar source of financing available to him. In this class of small ownership lies a vast field of opportunity with encouraging business indications for the banker.

Financially Attractive

Forestry is becoming financially attractive. Experience in tree-growing as a business under the great inducement of "profit" shows that it may be undertaken with expectation of a fair return on dollars invested. This profit motive applies not only to the larger forest owner but is rapidly encouraging small woodland owners to engage in tree farming. In many cases the woodlots are more



Tree Farmer Don Brown, left, demonstrates his forest's growth to Mr. Moir, second from left, and a group of bankers. The bankers, left to right, are B. V. Law, president, First National Bank in Montesano, Wash.; and C. C. Linden and Marshall N. Dana, vice-president and assistant to the president, respectively, of The United States National Bank of Portland, Ore.

valuable than the owners realize. The application of proper techniques which bring the forest up to maximum production makes tree growing a paying proposition.

In 1953 Congress recognized the capital value of standing timber and its worth as collateral for a bank loan by enacting the Cordon-Ellsworth Forest Credit Law. This is an amendment to Section 24 of the Federal Reserve Act which now permits national banks to accept timber as collateral when the forest tract is managed and protected for the growing of forest crops. Thus the former limitations imposed by the interpretation of the Federal Reserve Act are removed and national banks are enabled to improve their service to owners of forest tracts and to provide credit facilities heretofore not available.

The law is specific in stating that the forest tract must be "properly managed in all respects." This phrase is interpreted to mean the

application of suitable and economically sound forestry principles relating to protection, utilization, and reproduction of forest tracts.

Much to be Learned

In this new field of forest credit there is much to be learned about the advantages and opportunities of using timber as collateral, both on the part of the land owner and the banker.

The banker must learn about timber growing, volume, values, and forest site potential. The landowner on his part must learn how to apply sound forestry principles to grow a profitable tree crop and to become acquainted with marketing channels as well as bank requirements to qualify for a loan.

The banker has served the farmer through the years with needed farm loans. Now he may serve the tree-grower through the medium of forest credits. National banks, under

(CONTINUED ON PAGE 116)

Insured Farm Loan Program Expands

Soil and water conservation loans, as authorized by the 83rd Congress, may be advanced to pay cash costs of materials, equipment, and services directly related to soil conservation; water development, conservation and use; and drainage

R. B. McLEAISH

MR. McLEAISH is administrator of the Farmers Home Administration in Washington, D. C.

LEGISLATION enacted by the 83rd Congress and signed into law by President Eisenhower set up an insured farm loan program designed to make available to farmers and ranchers a supplemental source of credit. The program, to be administered by the Farmers Home Administration, is based on needs expressed in the President's budget message and proposals by the Department of Agriculture under Secretary Benson.

Every insured loan cuts down on farmers' demands for Government-appropriated funds. The program gives private lenders further opportunity to help worthy farm families and to contribute to agricultural progress. It establishes good future business relations with young farm families that are on their way up.

The program is carried on by the Farmers Home Administration, an agency in the Department of Agriculture. Farmer applicants are carefully screened for eligibility by a committee of three representative local men—at least two of them farmers.

Government Competition Out

Under the program, the Government competition with private lending operations is out because loans can be made only to farmers unable to obtain the necessary credit through usual credit channels at reasonable rates and terms. The Farmers Home Administration gives loan processing preference to veterans.

Principal and interest are fully guaranteed. The lender doesn't have to do the work of making or servicing the loan or making the collections. All that is handled by the Farmers Home Administration.

A borrower must refinance his in-

CAUTION on the part of the Farmers Home Administration and country banks was urged by Jesse W. Tapp, chairman of the American Bankers Association's Agricultural Commission and vice-chairman of the board, Bank of America, Los Angeles, when the new expanded insured farm loan program was discussed at a recent meeting of the Commission. Mr. Tapp's remarks included this statement:

"Great care will be required for the Farmers Home Admin-

istration to restrict the use of this type of credit to projects which are genuinely self-liquidating from additional income made possible by the water facility and conservation activities undertaken. Banks particularly will need to examine such credit proposals carefully if they wish to avoid criticism at a later date for having participated in ill-conceived ventures merely because they appear riskless to the bank on account of the loan insurance features."

sured loan whenever he is able to obtain a noninsured loan on reasonable rates and terms.

Types of Loans

The Government insured loans under two broad categories: (1) soil and water conservation loans, and (2) farm ownership loans.

Soil and water conservation loans, as authorized by Public Law 597, 83rd Congress, may be advanced to pay cash costs of materials, equipment, and services directly related to soil conservation; water development, conservation and use; and drainage. This includes such improvements as the construction and repair of terraces, dikes and ponds, establishment and improvement of permanent pastures, basic application of lime and fertilizer, tree planting, well drilling, land leveling, ditching and the purchase of pumps, sprinkler system, and other irrigation equipment. Soil and water conservation loans may be made to individuals in amounts up to \$25,000 and to non-profit incorporated association in amounts up to \$250,000. It is expected that most soil and water conservation loans will be for a period of less than 10 years.

Farm ownership loans may be used to help tenants buy farms of their own, to help small farmers develop or enlarge their farms into economic units and to finance, on family-type farms, the construction and repair of farm houses and other essential farm buildings. Insured farm ownership loans are limited to 90% of the fair and reasonable value of the farm. The majority of the farm ownership loans will be 40-year loans.

Assured Market

Many of the insured loans will be repayable in two to 10 years. If a loan term extends more than 10 years the lender within the eleventh year may assign it to the Government and receive full cash payment. After the initial 10-year period has elapsed, if the lender prefers, the Government may offer him a repurchase agreement for an additional period. Or the lender may hold the insured loan until it is refinanced or paid in full by the borrower.

Also, the lender may transfer the loan to another lender, or may use the loan for collateral.

A loan to buy, enlarge, or generally improve a farm (farm owner-

ship loan) will be secured by a first real estate mortgage. The Bankhead-Jones Farm Tenant Act requires that the lender be the mortgagee. Loans for soil and water conservation purposes may be secured by less than a first mortgage on real estate and by liens on selected chattels. The Government is the mortgagee for soil and water conservation loans. However, whether the security is held by the lender or the Government, the lender's investment is fully guaranteed.

Interest Rates

The interest rates are established so as to assure a fair return to the lender under whatever the prevailing money market conditions may be. The lender pays an additional 1% insurance charge to the Farmers Home Administration. The net return to lenders is now placed at 3½%.

Repayments

The Farmers Home Administration collects all payments and sends the lender the amounts to be applied on the note. Payments are applied first to accrued interest and second to principal. Any refunds will be applied entirely to principal.

Annual note instalments become due January 1, but the borrower may make advance payments. Payments will be remitted to the lender when received unless they total less than \$200 during a calendar quarter. In that case, they will be remitted at the end of the quarter.

If a borrower defaults on an instalment, the agency will pay the lender the due unpaid amount from the insurance fund. If necessary to protect the Government's interest in case of default, the Farmers Home Administration may take over the insured loan and pay the lender in cash the full amount of unpaid principal and interest.

Loan Servicing

All loan making and servicing operations are carried on by the Farmers Home Administration. This includes the approval of applications, the appraisal of farms, the obtaining and servicing of security, and when necessary helping borrowers develop sound and profitable farming operations.

Any work or expense involved in handling delinquencies or foreclosures is also the responsibility of

the Farmers Home Administration. There will be no foreclosure proceedings while notes and mortgages are in the hands of lenders because any action of this type will take place only after the Government has repurchased the loan.

Lending Procedure

The following steps are taken in making an insured loan: (1) The farmer applies at the Farmers Home Administration office serving the county in which the farm to be bought or improved is located. The office is usually located at a county seat and may serve more than one county. (2) The local county committee certifies as to the applicant's eligibility and his reasonable likelihood for success. (3) The Farmers Home Administration takes whatever steps are necessary to determine the soundness of the loan and to obtain adequate security. (4) When the loan is ready to be closed the Farmers Home Administration requests a check from the lender for the amount of the loan. As soon as any insured loan is closed

the agency forwards to the lender a note bearing the Government's guarantee. In addition, for a farm ownership loan, the agency forwards to the lender the mortgage as soon as it is recorded. The agency in all cases will hold any property insurance policies, title insurance policies, and opinions of the title.

Lender Participation

To participate in the insured loan program a lender should write to me.

The lender should also state the amount of money he wishes to invest in insured loans, the period of time the money he wishes to invest will be available, the states and territories in which the lender desires to participate in the insured loan program, and whether the lender desires to advance funds for both farm ownership and soil and water conservation loans.

The Farmers Home Administration will acknowledge the lender's commitment and will notify the agency's field offices of the sources of insured funds available.

Farm Loan Interest Rate

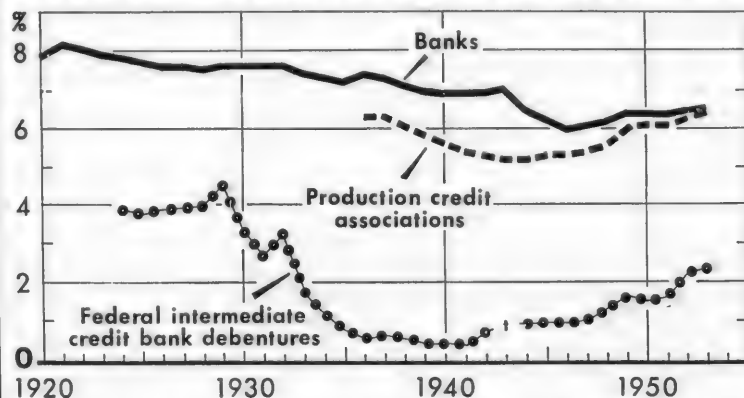
THE chart below is one of several included in *Factors Affecting Farm Loan Interest Rates* (Agricultural Information Bulletin No. 126), published by the Agricultural Research Service, U. S. Department of Agriculture, Washington, D. C.

The bulletin explains that as Government capital has been repaid and as the cost of funds obtained from Federal intermediate credit banks has increased, production credit associations have found it necessary to increase their rates.

On Non-Real-Estate Loans

INTEREST RATES CHARGED FARMERS

Compared With Cost-rate of Federal Intermediate Credit Bank Debentures*



* AVERAGE PER ANNUM COST OF OUTSTANDING DEBENTURES

† CHANGE FROM CALENDAR TO FISCAL YEAR BASIS

U. S. DEPARTMENT OF AGRICULTURE

NEG. 54(2)-152 AGRICULTURAL RESEARCH SERVICE

"America Invests in Its Future"

A manual that gives the history, operation, and prospects of an agricultural short-course program and that tells how to put such a program into operation

INCREASED support by banks of agricultural short courses in the land-grant colleges has been added as a goal of the farm youth program of the Agricultural Commission of the American Bankers Association. The Commission, which has been encouraging banks to aid young farmers for a number of years, has just cooperated in the publication of a manual, *America Invests in Its Future*, on the history, operation, and prospects of the short-course program. The manual represents the first step in the increased emphasis which the Commission intends to place on short-course scholarships by individual banks and banking groups.

A.B.A. Helped Write Book

The new book is a cooperative venture of the A.B.A.; the W. K. Kellogg Foundation, a long time backer of farm short courses; and the Short Course Subsection of the Resident Instruction Section of the Association of Land-Grant Colleges and Universities. It will be distributed not only to hundreds of leaders in bank agricultural activities, such as the agricultural committees of the state bankers associations, but also to officials of the land-grant colleges, county agricultural agents, and farm leaders.

The manual is a "how-to-do-it" book. For the educator, it describes methods of putting a short-course program into operation in his state. For the banker, it covers various scholarship programs that can be organized to allow young farmers to attend the courses through bank support.

States With Short Courses

Short courses in agriculture are not new either to the colleges or the banks. Some of the land-grant colleges have been offering such courses—nondegree classroom instruction in various aspects of farming—for decades, and the Michigan Bankers Association has had a bank scholarship plan since 1938; but the

movement has really caught the imagination of the nation's banks within the past year or two. It offers an opportunity to bankers both as good public relations and as a means of creating a more profitable and progressive agriculture in their communities. Today eight state bankers associations—Georgia, Illinois, Indiana, Minnesota, Mississippi, North Carolina, North Dakota, and Wisconsin—in addition to Michigan have a short-course scholarship program. A number of individual banks and county bankers associations are also providing scholarships.

"The relationship between the bank and the young farmer receiving a scholarship is a continuing one which brings banking and agriculture closer together," the new manual states. "More intangible, but of even greater importance, is the fact that the bankers, by investing in our future citizens, are making our communities, states, and nation stronger. The man with a constructive imagination invests not only in today but in tomorrow."

Step-by-Step Guide

America Invests in Its Future gives step-by-step information on how to set up a short-course scholarship program in a state, county, or community.

The book gives details of the plan used in Michigan along with some results that have been experienced in that state. "Of Michigan's 443 banks, 200 are now active in the plan and others stand ready to participate if the need arises," it says. "Since the inception of the program by the Michigan Bankers Association, some 570 farm youth, on bank scholarships, have completed the courses at Michigan State College. Practically all these young people are now actively engaged in farming."

A Double Opportunity

According to the A.B.A., the opportunity for bankers in this short-course movement is not in providing

scholarships alone, but also in encouraging the land-grant colleges in their states to inaugurate short courses in agriculture if they are not already in operation. In this effort, they are getting important support from the Kellogg Foundation. Beginning in 1950, the Foundation has held a series of workshops to interest educators in the short-course program; and in 1952, 23 of 35 schools reporting to the Land-Grant College Association said that they had one or more short courses available.

The short-course project for banks carries the A.B.A. Agricultural Commission's farm youth program to a slightly older group of boys and girls than has been reached in the past. The program in past years has generally centered on bank work with 4-H Clubs and Future Farmers of America, which are comprised largely of school-age young people.

The Committee

The Agricultural Commission's Committee on Agricultural College Short Courses: Rex B. Stratton, assistant cashier, Security Trust and Savings Bank, Billings, Mont., chairman; Jos. S. Armstrong, executive vice-president and trust officer, The Grove City (Pa.) National Bank, Grove City; S. E. Babington, president, Magnolia (Miss.) Bank; Frank H. Coward, executive vice-president, Lapeer (Mich.) Savings Bank; George M. Robertson, president, First National Bank, Winona, Minn.; Harris J. Sorensen, vice-president and cashier, National Bank in Wapeton, N. D.; and Dr. J. O. Christianson, superintendent, School of Agriculture and Director of Agricultural Short Courses, University of Minnesota, St. Paul, adviser. Officials of the A.B.A. who have had a leading role in the development of this manual are Jesse W. Tapp, vice-chairman, Bank of America, Los Angeles, and chairman, Agricultural Commission; A. G. Brown, deputy manager of the A.B.A.; and Edgar T. Savidge, Commission secretary.



SHEEP FINANCING

27 to 30% of all lambs . . . die before weaning. 5 to 6% more die in the feedlot. With sheep margins narrow, death loss can mean the difference between profit or loss. Here is a list of the ten greatest killers of sheep, their cause and control.

DISEASE	CAUSE	CONTROL
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2. Stiff Lambs	Vitamin E Deficiency	Feeding completely balanced rations properly fortified with Vitamin E
3. Overeating Disease	Improper Feeding	Controlled feeding & Vaccination
4. Internal Parasites	Improper Management & Feeding	Good management practices & Feeding Completely Balanced rations
5. Urinary Calculi	Mineral & Vitamin A Deficiency, Mineral Imbalance	Feeding Completely Balanced rations
6. Weak Lambs	Poorly Fed Ewes	Feeding Ewes Completely Balanced Rations
7. Pneumonia	Poor Management & Weak Lambs	Good Management Practices & Feeding Completely Balanced Rations
8. Coccidiosis	Poor Management, Improper Feeding, Infection	Good Management Practices & Feeding Completely Balanced Rations
9. Listellosis	Poor Management & Improper Feeding	Good Management Practices & Feeding Completely Balanced Rations
10. Scouring	Improper Nourishment, Colds & Exposure	Properly Fortified Rations & Good Management

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BANK LAW NEWS

A Review of 1954 Banking Legislation

THE following pages summarize new laws of interest or concern to banking enacted during the past year. Students of banking law may notice the omission of some laws that were considered milestones in the states where they were enacted. It is hoped that any such omission may be attributed to the fact that this summary intentionally has been limited to matters of general rather than local interest.

Regular sessions of the legislatures were held this year in only 14 states: Arizona, California, Colorado, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, New Jersey, New York, Rhode Island, South Carolina and Virginia. Of these, the California, Colorado and Maryland sessions were budget sessions, so-called, limited in large measure to the consideration of state fiscal matters. Hence, this year's volume of new banking legislation is comparatively light.

Strengthening Dual System

Legislation which tends to strengthen state banking systems tends to strengthen the dual system of banking, a major bulwark of America's unique free banking system. Important new legislation in this category was the complete revision of those portions of the Arizona banking code dealing with the supervision of banks. The revised code gives specific authority and responsibility for examinations in areas where these were previously doubtful or obscure, and provides salary increases for the supervisory authorities (Ariz., c.137).

A new Mississippi law permits directors of state banks to require employees of such banks to file with them sworn financial statements semi-annually, or more often if the directors so desire. Another Mis-

issippi law provides for appeals to the courts from decisions of the state banking board unfavorable to prospective incorporators of new banks (Miss., H.B. 549, H.B. 86).

Another new Arizona law, providing that a writ of garnishment served upon a bank shall be effective only as to accounts and other property of the defendant located within the county in which service is made, will be of benefit to banks maintaining branches in more than one county (Ariz., H.B. 195).

Two New York laws also benefit banks holding accounts in which others than the depositor are interested, by affording protection in the event of adverse claims to deposits, where personal jurisdiction over one of the party claimants cannot be obtained. One provides, in effect, for the acquisition of jurisdiction by substituted service on the grounds that the situs of a debt within the state of the forum gives the forum jurisdiction to determine the person to whom the debt should be paid and to order payment of it (N.Y., c.561). The other authorizes the creation of an interstate compact to the effect that any subscribing state consents to the service of process within its borders on any party to an interpleader action commenced in any other subscribing state (N.Y., c.569).

Permitting Branches

Kentucky now permits branch banking. Its new law provides that any bank having combined capital and surplus of more than \$100,000 may establish branches within the city in which its principal office is located, or within other areas of the county where it is located, provided that the principal office of no other bank is located in such areas. The new law also establishes additional capital requirements for each branch,

based upon population and ranging from \$100,000 to \$250,000 (Ky., H.B. 287).

The 5-Day Week Laws

Most 5-day bank week laws permit any bank in the state to close on Saturdays if it so desires. However, proposals for such laws usually meet with resistance from legislators representing rural areas, where the 5-day week in business is not commonplace and farmers see no reason why the bank should not be open for business when they come into town on Saturday. As a result, some states have no 5-day bank week law and others have compromise forms of legislation, permitting banks to close on weekdays other than Saturday, or permitting the 5-day week only in certain areas of the state: Virginia, which has the latter type of compromise law, amended it this year to permit banks to close on Saturdays in several additional cities, towns and counties meeting certain specified population requirements (Va., c.273).

Compromise Authorized

Mississippi, one of the states which has had no 5-day week law, this year enacted a third type of compromise legislation. The new law authorizes the state comptroller to promulgate rules permitting banks to close on weekdays "in keeping with the custom and practice of the various trade areas in which such banks are located" (Miss., H.B. 807).

An unusual holiday law which may be a portent of things to come, and is not restricted to banks in its application, was enacted in Massachusetts. It provides that the February 22, April 19, May 30, October 12 and November 11 holidays shall be observed on the Mondays nearest those dates. The law will not become
(CONTINUED ON PAGE 70)



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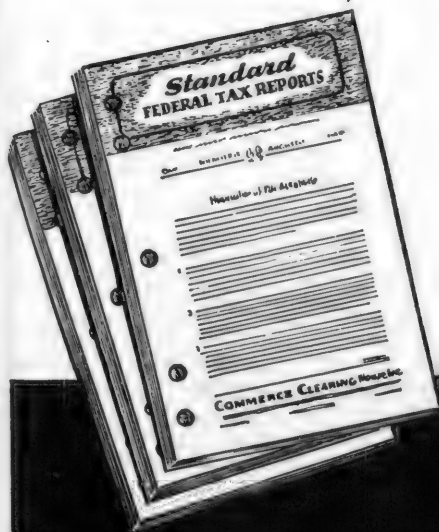
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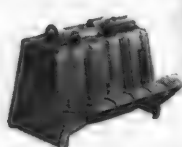
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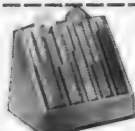
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(CONTINUED FROM PAGE 68)

effective, however, unless 31 other states provide for observance of Washington's Birthday and Memorial Day in similar fashion prior to October 1, 1956 (Mass., c.128).

Holidays Abolished

Virginia abolished three legal holidays: April 30 (Thomas Jefferson Day), June 3 (Jefferson Davis Day), and October 12 (Columbus Day) (Va., c.328).

Some states have made their bank holiday laws specifically applicable to national banks as well as to state banks; others have not. However, a statement from the Office of the Comptroller of the Currency late last year made it clear that, if any question did exist, national banks may take advantage of all such laws. The statement was to the effect that, since there are no Federal laws specifying the days and hours national banks shall be open for business, such banks shall be governed in this regard by the laws of the state in which they are located.

All banks in New York are now permitted to make instalment loans up to \$5,000 (N.Y., c.723). Formerly, such loans were subject to graduated ceilings based upon the size of the city or town in which a bank was located, \$5,000 being the maximum for banks in the largest cities. The new law also permits banks to make property improvement loans payable over 37 rather than 24 months.

Regulate Auto Instalments

Virginia and Maryland adopted laws regulating retail instalment sales of motor vehicles. The Virginia law requires all such sales to be evidenced by a written instrument containing all agreements between the parties and a full disclosure of the terms of the sale (Va., c.113). Maryland's law, an amendment to its existing retail instalment sales law, limits the insurance coverage which may be included in the terms of such sales and limits sellers to the following maximum finance charges: \$9 per \$100 per year, \$12 per \$100 per year, and \$15 per \$100 per year for new vehicles, used vehicles not over two years old, and used vehicles more than two years old, respectively. Violations of these limitations are

punishable by forfeiture of all finance charges, while the collection of insurance overcharges makes the seller or holder of an instalment sales contract liable to the buyer for 10 times the amount of the overcharge (Md., c.80).

An amendment to Michigan's motor vehicle retail instalment sales finance law requires that amounts charged to a retail buyer for the purchase of insurance must be credited to his account in the event that the insurance is canceled (Mich., No. 132).

Agents Called "Sellers" of Auto Insurance

Largely because the carrying of public liability insurance by automobile owners is compulsory in Massachusetts, instalment financing of insurance premiums has become a sizable business in that state, with agents and brokers issuing policies in return for instalment notes which are sold to banks and finance companies which then pay the insurance companies for the policies. Last year the Massachusetts bank commissioner ruled, in effect, that finance charges made in connection with such transactions were subject to the state's small loan law. While that law by its terms does not apply to any transaction involving a note given by a buyer to a seller of goods, services or insurance, the commissioner pointed out that insurance companies, not their agents and brokers, are the actual sellers of insurance. His ruling meant that any note taken by an agent or broker not in compliance with the small loan law was completely void. However, its effect did not last long, for the legislature this year enacted a law providing that agents and brokers shall be considered sellers of insurance for the purposes of instalment financing of premiums (Mass., c.464).

No law applying specifically to bank mergers was enacted. Mississippi did revise its general merger and consolidation law, permitting any corporation to consolidate or merge with a corporation or corporations organized under the laws of another state or of the United States; and Virginia enacted a new law providing for the reorganization, merger and consolidation of any corporation pursuant to the provisions of any applicable United States stat-

ute, and providing that in the case of mergers and consolidations no stockholder shall have any statutory right of appraisal of his stock (Miss., S.B. 1228; Va., c.320).

Another Virginia law, aimed at the reduction of recording fees, provides for the recordation of a master deed of trust, any one or more of the provisions of which may be incorporated by reference in subsequently recorded deeds of trust (Va., c.8).

Mississippi joined the list of states which in recent years have enacted legislation to enable foreign banks to acquire, service and enforce mortgage loans on real estate within their borders without qualifying to do business. The new law follows the pattern of all previous such laws, save one, in that it makes no provision for the tax status of foreign banks which accept its invitation to come in and do business (Miss., H.B. 511).

Virginia gave specific authorization to its banks to operate school savings plans under contracts with elementary or secondary school authorities for the acceptance of deposits at schools either by a bank's own collector or by a school representative acting as agent of the bank for such purpose (Va., H.B. 319).

Fictitious Payee Act

Arizona enacted the American Bankers Association's Fictitious Payee Act, which amends N.I.L., sec. 9(3) to provide that an instrument shall be deemed bearer paper, requiring no endorsement, when it is made payable to a fictitious, non-existent or living person with the knowledge of the person making it so payable, or his employee or other agent who supplied the payee's name (Ariz., c.8). Twenty-one states now have enacted this statute.

The confusion over the legal status of bank deposits and savings and loan association shares continued to be manifested. Laws enacted in Kentucky and Massachusetts, for example, permit credit unions to "deposit" funds in savings and loan associations (Ky., H.B., 197; Mass., c.179).

An unusual new law requires every federal savings and loan association located in Michigan to file an annual report and to pay to the state an annual fee of $\frac{1}{4}$ mill per dollar of paid-in capital and reserves (Mich.,

No. 180). Another Michigan law requires every foreign savings and loan association, whether state or federally chartered, to pay an "admission fee" in order to do business in Michigan, as well as an annual fee of $\frac{1}{4}$ mill per dollar of paid-in share capital and statutory loss reserves, such fees being computed upon that portion of the base represented by the portion of an association's total assets owned or used or to be used in Michigan (Mich., No. 158).

Arizona has completely revised its state income tax law, the provisions of which form the basis for the taxation of banks under the excise-income method, the third of the four methods of state taxation of national banks permitted by section 5219 U.S. Rev. Stat. Among other things, the new law adopts the federal income tax provisions for the treatment of capital gains and losses of banks (Ariz., c.65).

The Commercial Code went into effect in Pennsylvania on July 1. Ever since its enactment last year, with a deferred effective date, Pennsylvania lawyers have been busy trying to find out what is in it. The interim between enactment and effect was notable for the vast amount of post-admission group study which took place. Clinics, lectures, forums, and panel discussions sponsored by state and regional bar associations and bankers associations, and by individual banks played to audiences which grew spectacularly in size as the July 1 deadline approached.

Another interesting development as July 1 drew near was the appearance of forms designed for transactions under the new law. The Code does not seem to have diminished either the length or the total number of forms in use. Pennsylvania, for the present at least, seems to have as many Bailment Lease Security Agreements as it once had had Bailment Leases, and the new forms seem to contain at least as many words as the old.

In all other states the Code is still in the talking stage. Official commissions appointed last year in Connecticut, Massachusetts, Missouri, New York, Oklahoma, Rhode Island and Texas continued to study the Code. One more such commission was created this year by resolution of the California legislature (Cal., c.8).

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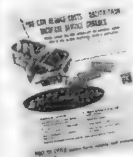
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Teaming Up With Your Local Women's Groups

There are 200,000 women's organizations with a combined membership in the millions and they are eager for knowledge on problems of money management

MARY B. LEACH

This is the first of two articles. This one is on the opportunities and next month's article will tell how to take advantage of the opportunities.

OPPORTUNITIES unlimited exist for the nation's banks to extend their economic leadership in the communities they serve by teaming up with their local women's clubs, of which, according to a U. S. Chamber of Commerce survey, there are more than 200,000 in the United States, with an aggregate membership running into the millions. And remember these women are usually the leaders in their communities.

Since 1949, when numbers of banks started conducting finance forums for women and women passed up their favorite matinees, card parties, and teas to flock by the hundreds to bank-sponsored forums, there has been a growing awareness of the need for educating women in the economic facts of life and enlarging the scope of the banks' usefulness. The responsiveness of women to this type of education exceeded the most optimistic hopes and expectations of the bankers.

In the good old days, women were more or less relegated to the exclusive status of homemakers and society belles. This gave them plenty of time to rock the cradle, cook, sew, read novels, and attend tea parties, but little incentive to read editorial and financial pages and to delve into the intricacies of banking and finance.

Women's Increasing Stake

It is only within the last half century that women's increasing stake in the nation's economy has been recognized. This arises very largely from three factors which have led

to a fuller realization of the need for more enlightenment for the women on the functioning of our economy, including the key role of banks and the service they offer. First, the amassing of great fortunes by the industrial pioneers and developers in the last 75 years has resulted in women's inheriting large estates. Second, a partnership which did not previously exist has arisen between men and their wives in the spending and management of the family income. And, third, since the outbreak of World War I millions of women have entered the labor force and we now have (September 1954) 19,414,000 employed women. This represents 32% of the 62,144,000 labor force in the United States. The annual earnings of these employed women run into the billions.

They Search for Facts

There is plenty of evidence that the women are searching for reliable information on which to base their financial decisions. Here is one example: While addressing the ladies in a recent issue of *Arizona Progress*, an economic report by the Valley National Bank, Editor Herbert A. Leggett commented on the increasing number of women readers. "In fact," he said, "we now get more letters from bosses' secretaries than from bosses themselves." He added this comment: "If women actually control as much of the nation's wealth as some surveys indicate, we are going to cultivate them (in a chaste, analytical way, of course) even more assiduously than in the past. Apparently the hands that rock the cradle also cradle the rocks."

Mr. Leggett's appraisal seems to indicate the attitude of a good many bankers. But questions such as

these are bound to arise: "Why should the education of the women in banking and finance be foisted upon the banks?"; "What can we do?"; and "How do we start?"

One of the answers to the first question would appear to be that the banks probably have the most to gain from educating the women and they have the tools with which to do it. It should be kept in mind that until recent years college and university women got very little training in economics and banking. And then, of course, many women have never been to college.

A Ready-Made Audience

As to what banks can do to provide economic education for women, scores of banks have discovered a ready-made audience in the women's clubs and some mixed groups, such as the Grange. This audience is clamoring for guidance and assistance from banks. So eager are these clubs for instruction in money management of one kind and another that some of those organized on a national basis have initiated programs of their own and sought the help of the American Bankers Association and other financial groups.

The A.B.A., in collaboration with the Institute of Life Insurance and the Association of Stock Exchange Firms, cooperated with the General Federation of Women's Clubs in a two-year finance forum program. The Public Relations Council supplied specially prepared material for inclusion in a kit on the subject: "What women should know about Personal Financial Planning." The Federation endeavored to arrange a series of communitywide forums on family economics and money management in every town and city where there is a Federated club.

It recently announced that over 265,000 women had participated in 3,651 of its finance forums. The Federation has 15,000 local women's clubs affiliated with it, and, in addition, has 840,000 per capita paying members. Its program is continuing.

What A.B.A. Has Done

In addition to this program, the A.B.A. has cooperated with two of the other leading national women's organizations—the Association of University Women and the National Federation of Business and Professional Women—both of which have economic education programs. The individual units of these groups are seeking speakers who can slake their thirst for knowledge. They offer a made-to-order opportunity for the banks to tell the story of money and banking at the local level.

The Association of University Women, with a membership of 135,000 in 1,288 units, has just released a "Finance Folder" as a supplement to its "Money Management Portfolio." This latter portfolio was developed by the A.B.A. and the two aforementioned groups. The new folder was prepared for the Association's Status of Women Committee by Dr. Winifred G. Helmes, staff associate at AAUW headquarters, and the editors of *Changing Times*. The folder includes four study units

Membership Figures

Name	National Membership
Order of Eastern Star	over 3,000,000
General Federation of Women's Clubs	840,000 ⁽¹⁾
National Federation of Business and Professional Women	165,000
Association of University Women	135,000
U. S. League of Women Voters	122,000
Navy Mothers of America	30,000
National League of Nursing	20,000
American Federation of Soroptimist Clubs . .	16,000
National Secretaries Association	12,000
Altrusa International . .	11,500
Zonta International . .	10,000
Advertising Women's Clubs and members of men's advertising clubs	5,000 ⁽²⁾

⁽¹⁾ This is in addition to the 15,000 local women's clubs affiliated in the General Federation.

⁽²⁾ Estimated. Mostly affiliated with the Advertising Federation of America.

on the following topics: (1) "How to Borrow Wisely"; (2) "Investing on a Small Scale"; (3) "Health,

Fire, Auto and Liability Insurance"; and (4) "Money Management at Your House."

With a membership of 165,000 in 3,000 local units throughout the country, the National Federation of Business and Professional Women held a referendum, giving its members a choice of three possible study group subjects. The majority voted for a course on "Your Financial Future," which was introduced in July and continues until July 1955. This program was outlined in May *Independent Woman*.

Earlier, the A.B.A. and the Institute of Life Insurance and Association of Stock Exchange Firms prepared a money management portfolio, similar to the AAUW portfolio, for the use of the Michigan Federation of Business and Professional Women's Clubs. The National Federation's list of recommended speakers at its forum meetings includes a banker, and, incidentally, they prefer women speakers.

Every Club a Potential

While it might appear that a good many of the women's organizations, particularly those that are religious, fraternal, and political in nature, would have no interest in a program dealing with economic and money-management topics, it doubtless would be possible, with the right

(CONTINUED ON PAGE 118)

The Manhattan Business and Professional Women's Club, one of 10 New York B&PW clubs, is sponsoring four "Your Financial Future" forums. The first forum was addressed by a banker—Mabel F. Thompson, assistant secretary, Union Dime Savings Bank, and by women representing insurance, savings and loan, and investment fields. The second session, devoted to investments, was held in the recreation room of the Union Dime Savings Bank and was addressed by Ann H. Sargeant, customers' representative, Merrill Lynch, Pierce, Fenner, and Beane. In the front row facing Miss Sargeant, left to right, Mildred J. Cosciano, assistant to credit manager, Tetley Tea Co., Inc.; Elizabeth Copeland, travel consultant; Jean Martin, beautician; Dorothy I. Fraser, vice-president and trust officer, National Bank of Westchester, New Rochelle, N. Y.; Elsie Parker, assistant editor, *National Municipal Review*; Miss Thompson; Gladys F. Gove, director of education and vocation, National Federation of Business and Professional Women's Clubs



HARVEY COOPER

No Limit to Savings Bonds' Uses

ROBERT W. REESE

IN every man there is a dream that Thomas Wolfe once wrote about: a returning home, a returning to the scenes of youth, a moving backward in time and space to recapture something once lost. For Thomas Wolfe there was no returning. But, for a neighbor of his whom he didn't know and never saw, there was the fulfillment of this dream. He did go back.

His name is Jonathan Woody, the U. S. Treasury's Savings Bonds chairman for western North Carolina. His home is Waynesville, in the foothills of the Smoky Mountains. His business is banking—and serving the people of his county.

To Jonathan Woody, coming home meant giving up his job of examining 802 banks throughout the South and returning as close as possible to the Smoky Mountains and his people. It was from here that his people had been removed when the

Federal Government took over the land they had claimed since the 18th century, and created, with the help of John D. Rockefeller, the Smoky Mountains National Park. This was in 1928.

Eleven years later, in 1939, Jonathan Woody came home from his Federal bank examining job. He purchased controlling stock in the First National Bank of Waynesville, became its president, and at 40 years of age began a life of public service, putting into practice, in the words of one banker colleague, "what many men preach but what few actually do—living by the golden rule of kindness, charity, and tolerance toward all men."

The Bank Went to the People

Starting at the bottom, where the economy of Haywood County rested in 1939, Jonathan Woody began his own personalized campaign of encouraging farmers to broaden their interests, diversify their crops, im-

prove their homes and farms, raise their standard of living, extend college educational opportunities to their children, and plan wisely for tomorrow and the next generation by living wisely today. People came to the bank for help in 1939, but, more important, the First National Bank of Waynesville went to the people.

Electricity and Dairies

Farmers borrowed money *without* putting up collateral if they agreed to put electricity and a bath in their homes. (Over 98% of the 2,784 farms did so.) After electricity came dairies, and 83 were established in the county and financed by the bank in such a manner that the farmer offered no security but agreed to pay off the note over a 10-year period from the proceeds of milk sales. "Shade tree," or grade C milk, gave way to grade A, and three dairy manufacturers moved into the county to process the new white wealth. (With them came employment for others.)

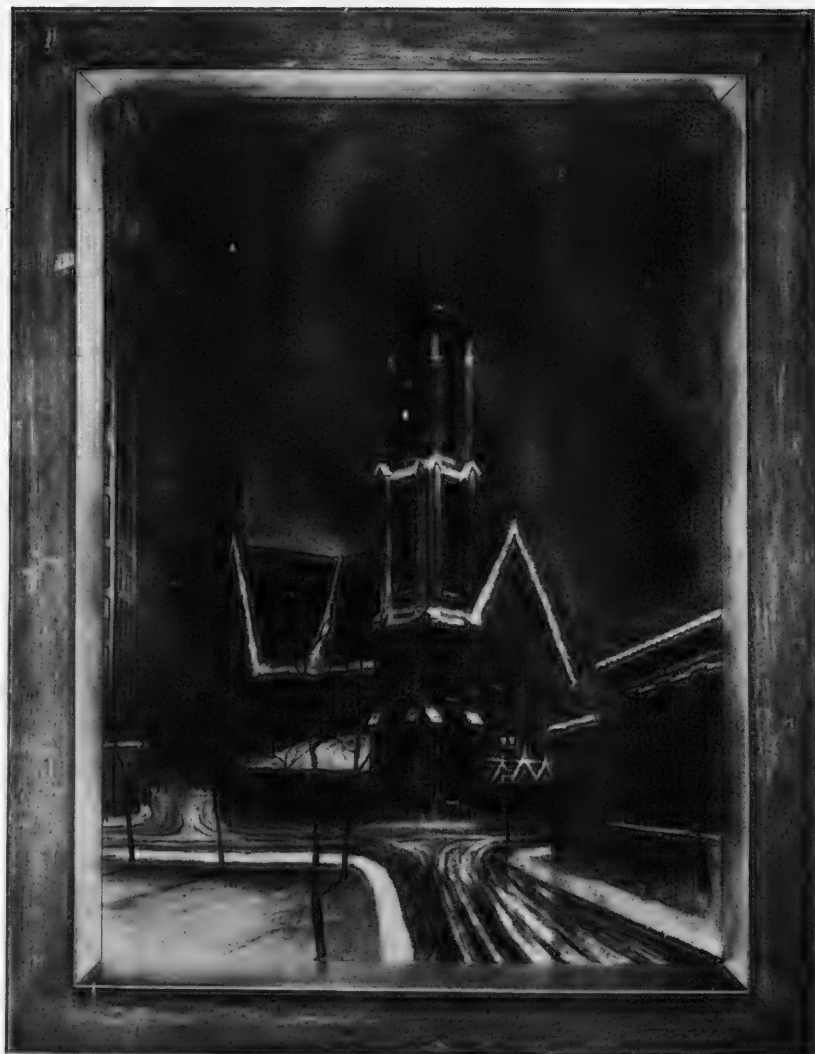
New crops quilt-patterned the rolling hills and lowlands, and beef cattle, mostly Herefords, multiplied and grew fat. (Around 100,000 beef cattle now graze in the lowlands and hills, the greatest number in any of North Carolina's 100 counties.) Silos sprouted up like tall sorghum cane alongside every barn (through the courtesy of the First National Bank of Waynesville, which provided the forms for pouring), and farmers were then able for the first time to winter their cattle. Young boys and girls were encouraged to buy and feed their own cattle on money borrowed from the bank without any security or endorsement of notes by their parents. For deserving high school graduates there were local bank scholarships to take care of everything.

Everywhere a person turned, the bank was there to help, and the bank and Jonathan Woody became synonymous. For the football player who squirmed through his opponents

(CONTINUED ON PAGE 76)

Mr. Woody, right, discusses the Burley crop with two tobacco growers in the Jonathan Creek Valley in North Carolina





● "Impression of Christ Church Cathedral," a watercolor by Edward Menges, young St. Louis muralist and painter, was awarded first place in the first annual Christmas card competition sponsored by the St. Louis Artists Guild in cooperation with the First National Bank in St. Louis.

Located at 13th and Locust Streets, in the heart of downtown St. Louis, Christ Church provides a spiritual retreat for thousands of workers in the busy downtown area.

*May the blessings of the Christmas season be yours
in abundance...*

*May every day of the New Year bring you
the fullest measure of happiness...*



It stands to reason

... that the more experience a company has in the underwriting of Bankers Blanket Bonds, the greater the degree of reliance that can be placed in its recommendations as to the form and amount of such coverage a bank should carry.

F&D has *specialized* in meeting the bonding and insurance needs of banks for more than 60 years.

SINCE



1890

FIDELITY AND DEPOSIT COMPANY
Baltimore Maryland

AFFILIATE: AMERICAN BONDING COMPANY OF BALTIMORE

(CONTINUED FROM PAGE 74)

for a touchdown, there was a \$100 Savings Bond. For the shy young girl winning first prize for her sewing or cooking at the county fair, there was a \$100 Savings Bond. For the local boy distinguishing himself at college by being elected class president, winning scholastic honors, or otherwise bringing credit to Waynesville and Haywood County, there was \$50 or \$100 in cash.

The people and Jonathan Woody make a good combination in every respect. "After Pearl Harbor," Mr. Woody relates, "our Government asked us to sell Savings Bonds to every man, woman, and child. Look what *our people* did. During every year of the war they invested an average of \$5,000 *every day* in Savings Bonds. Why, we even had people who wanted to mortgage their homes and farms at 4% and 5% interest just to buy Savings Bonds."

At work through the payroll savings plan, in schools through the school savings stamp plan, and in the bank through the bond-a-month plan and over-the-counter sales, Jonathan Woody has preached in a quiet, unassuming, but forceful way the good gospel of thrift, of saving today for a better tomorrow.

New Homes, New Cars, New Farms

The tomorrow has meant, for the people of Waynesville and Haywood County, new homes, new barns, new cars, and new farms. "People have used their Savings Bonds to educate their children at college, as well as take trips to Ireland and Great Britain to look up their clan," Mr. Woody said. "I can't think of one thing a person hasn't used some of his Savings Bonds for."

In the back office of the First National Bank of Waynesville, North Carolina, where Jonathan Woody sits when he's not visiting with his friends, there hangs a little sign, glassed over, and framed in wood. This is what it says: "I expect to pass through life but once. If, therefore, there be any kindness I can show, or any good thing I can do for my fellow beings, let me do it now and not defer or neglect it, as I shall not pass this way again."

This is Jonathan Woody's creed. A creed that he has lived by in serving his town, his community, and his country since he came home again to his people in 1939.



THESE NATIONAL MACHINES at the Gillioz Bank & Trust Company handle increased volume of proof-transit and checking accounts with ease and efficiency.



MR. V. A. WILLEY, Cashier, Gillioz Bank & Trust Company, Monett, Missouri.

"National Posting Plan saves us \$4,800 a year... returns 50% annually on our investment!"

—Gillioz Bank & Trust Co., Monett, Missouri

"A National Unit Plan Posting machine, model '135', and a National Proof Machine have proved to be a sound investment for our bank," says Mr. Willey.

"Before installing this equipment, we were using two bookkeeping machines on a single posting plan with a carbonized ledger sheet. This method was unsatisfactory. We had a continuous backlog of work, records were not readily available, and carbon was an added expense.

"Since deposits had increased by more than 40% in three years, to have continued with our previous methods would have meant additional help and more equipment. In August 1952, we replaced the two bookkeeping machines with one National '135'

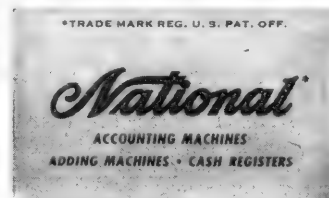
Unit Plan Poster for posting checking accounts.

"We now handle our growing volume with ease. The National has not only reduced floor space requirements, but because of its amazing simplicity has greatly minimized operator training time.

"Our records for the first year of operation with the National system show that we are saving over \$4,800 annually on our proof and bookkeeping work. This is through savings in personnel, elimination of costly overtime, and reduction in stationery costs. This means a 50% annual return on our equipment investment, thanks to the efficiency inherent with the National system."

How much can *your* bank save through the National Unit Plan's greater efficiency and economy? Your nearby National representative, a trained systems analyst, will be glad to make a survey of your operations and show you how National machines can cut your costs and increase efficiency. Call him today. He is listed in the yellow pages of your phone book.

THE NATIONAL CASH REGISTER COMPANY, Dayton 9, Ohio
949 OFFICES IN 94 COUNTRIES





PHOTOS BY CENTRAL STUDIOS

The Association's new president, Homer J. Livingston (left), receives the gavel from his predecessor, Everett D. Reese

Confidence Keynotes A.B.A.'s 80th

THE 80th annual convention of the American Bankers Association is now history.

The wonder is that it could have been so outstandingly successful, considering all the obstacles that were placed in its path.

First, the bookbinders were in a hassle with their employers. Would there be any programs and registration lists? There were. Then the truckers decided to strike. Delivery seemed doubtful on the mass of material so necessary to the functioning of a meeting of such size—6,800 persons registered. Then the Pullman employees were making demands and threats; and hundreds of delegates wondered if they'd be able to get to Atlantic City at all—and, just as important, back home again. They did. In fact, they came from the 48 states, the District of Columbia, and from Alaska, Bermuda, Canada, Colombia, Cuba, Hawaii, Mexico, The Philippines, and

Puerto Rico. There came also an unwelcome guest—Hurricane Hazel.

When what has been described as "the grand-daddy of all financial meetings" convenes in Atlantic City, The Philadelphia Orchestra traditionally furnishes the Sunday evening symphony concert. Well, just for added fun, the Orchestra had been on strike for several weeks, reaching an agreement only a couple of days before its scheduled appearance at Atlantic City. Few conventioners in the big audience could have known, but another famous orchestra was under contract on a stand-by arrangement—just in case.

The 80th annual convention of the American Bankers Association had been set for October 17-20 in Atlantic City, N. J. It was held on those dates and in that place. And what was the general tone of the meeting whose birth was attended with so much difficulty? Confidence. A full awareness of the problems

which beset the country, both internal and international, and a full measure of confidence in our ability to meet them.

Officers Elected

Everett D. Reese, president of the Park National Bank of Newark, Ohio, joined the ranks of past presidents of the A.B.A. when he handed over the gavel to his successor, Homer J. Livingston, president of The First National Bank of Chicago. Fred F. Florence, president of the Republic National Bank of Dallas, was elected vice-president, and Sherman Drawdy, president of the Georgia Railroad Bank & Trust Company, Augusta, was reelected Association treasurer.

President Reese Reports

When President Reese opened the first general session of the convention, 37 meetings had already been

Secretary of the Treasury George M. Humphrey (left) presents the United States Treasury's Distinguished Service Award to William H. Neal, chairman of the A.B.A. Savings Bonds Committee. The award recognized Mr. Neal's volunteer assistance in the promotion of U. S. Savings Bonds. The Secretary said of Mr. Neal that "Everywhere he went he defined in clear and lucid terms the meaning of 'sound money' and an 'honest dollar.' He spread the doctrine of thrift and advertised the advantages of Savings Bonds to both the small saver and the larger investor." Mr. Neal is senior vice-president, Wachovia Bank and Trust Co., Winston-Salem, N. C.



held. They were the divisions, sections, councils, commissions, committees. And only that very morning there had been the Agricultural Breakfast.

Mr. Reese, in the course of a year as vice-president and 13 months as president (the lateness of this year's Convention gave him an extra month in the office) visited 44 states and Mexico. He reported his observations.

"It is not hard," said he, "to lose sight of the fundamental readjustments that have taken place in our country in the past two years. A less resourceful and less optimistic nation might have weakened under such readjustments, as many nations in history have done. But one conclusion is foremost in my observations—our country has gained strength through resourcefulness, courage, and a deep faith in the future.

"It is not easy to make transitions

swiftly and painlessly from a shooting war to quiet military fronts, from inflation to price stabilization, from military plant expansion to peacetime growth, from inventory building and stockpiling to genuine consumption of materials, and from labor shortages to labor fluidity; and yet I believe that we have made these transitions remarkably well."

Later, Mr. Reese observed: "I am proud to note, moreover, that banking has been in the forefront in helping to maintain public confidence. Many times in the past, bankers have been, justly or unjustly, maligned because they called in loans or refused to extend new loans when ripples appeared on the credit waters and sailing became a little rougher!

I have experienced no complaint on this score. Demands for credit are being met; and, by and large, the attitude of the lending officers of our banks remains wholesome and constructive. . . .

"I have told you in some detail what I have observed in my travels on your behalf; and if I have conveyed an impression of confidence and optimism, let me nonetheless emphasize that the time has not yet arrived — and never will — when bankers can sit back and bask in the light of past accomplishments, small or great."

For the Future, "A Greater Prosperity"

The Honorable George M. Humphrey, Secretary of the Treasury, told the convention that hundreds of thousands of our people have successfully changed from making things for killing to making things for living. This has involved temporary hardships in some individual cases, but this great shift is being made without a great economic upheaval. "The number of unemployed is currently decreasing," he reported. "We have had more people working during this year than in any other year in the nation's peacetime history. Unemployment is a matter of the greatest concern to every one in this Administration. We are working and planning in every way to reach the day when every man looking for work can find a job. We have shaped our entire economic program in the way best calculated to bring that happy day at the earliest possible time. . . .

"Jobs," said the Secretary, "are created—and honestly created only

The presentation of the Colors, opening the first general session, was performed by personnel from the Naval Air Station at Atlantic City



Meeting of the Administrative Committee. Seated at the head of the table (left to right): Treasurer Sherman Drawdy, Vice-president (now President) Homer J. Livingston, outgoing President Everett D. Reese (standing), Executive Manager Merle E. Selecman, Secretary Henry M. Sommers, Comptroller G. H. Townsend



in our free competitive price economy—by people using their money to expand existing business or start new businesses in the hope of making a profit. If any Government policy is such as to make a profit unlikely or very difficult, people simply aren't going to launch the new ventures from which new jobs grow."

The Secretary reported on the management of the Federal debt and on Savings Bonds. "Individual investors altogether hold more than \$66-billion of Government securities at the present time," he said.

"There is nothing to fear about the long future of the economy of

this nation," Secretary Humphrey concluded. "If we keep doing the things we ought to do and this Administration can continue to put its sound fiscal and economic policies into effect, the years ahead will see greater prosperity and more jobs

for more people making more, new, better, and cheaper things for better, fuller living for us all, than any of us have ever dreamed."

McCloy Predicts More and Better Things

Another speaker at this session also foresaw more and better things for the future. John J. McCloy, chairman of the board of The Chase National Bank of New York, said of one industry—the chemical industry—that "it can expect at least one-fifth of its business in 1975 will consist of products not yet discovered or in production; and research is aimed not only at new products, it is directed increasingly at new and better ways of doing things."

In his survey of the future, Mr. McCloy raised two questions: "First, will our country be able to retain the momentum of recent years in its economic life—will we move ahead or will we fail to make full use of our resources? Second, can we continue to develop means by which we can work with our allies in achieving a common defense and improved living standards throughout the free world?"

Mr. McCloy faced his own questions with confidence. "I have faith," he declared, "that we shall fully meet our responsibilities in the period ahead, that we shall make whatever adjustments are required of us, painful and exacting as they may be. I believe we shall hold fast to our friends and alliances and that we shall continue to prove that the underlying course of the American economy is forward and it is bold. Come what may, our nation will con-

Dr. Stonier Honored

Dr. Harold Stonier, executive vice-president of the American Bankers Association, who has announced his retirement next January 1, was honored by the nation's bankers when a resolution paying tribute to him was adopted by the 80th Annual A.B.A. Convention. Dr. Stonier has been associated with the A.B.A. for 27 years.

The resolution reads:

This year will mark an important milestone in the annals of the American Bankers Association. Harold Stonier, at his own request, will retire on January 1 as executive vice-president after 27 years of distinguished leadership in Association affairs.

American banking, for years to come, will carry the deep impress of Hal Stonier. For 10 years as national educational director of the American Institute of Banking, he carefully built the broad pattern of adult banking education now serving more than 100,000 students annually. The vision he displayed in founding The Graduate School of Banking and his successful administration of the School are monuments to his stature and genius as an educator.

As chief staff officer of the A.B.A. for the past 17 years, his wise leadership has guided the Association through periods of war, depression, and inflation. Few men over those years contributed more to the present soundness and high public esteem of the banking structure in this country.

But his greatest achievement is the impress he has left on the hearts and minds of men. He will be remembered by thousands who have been moved by his eloquence. He has the lasting gratitude of those who have been guided by his wisdom and inspired by his philosophy of life. He has the thanks of those who have been enriched by his warm, generous personality.

BE IT RESOLVED that this 80th Convention of the American Bankers Association record its deep debt of gratitude to Harold Stonier and express to him our thanks that he has consented to continue as director of The Graduate School of Banking.

tinue to stand in the forefront of the titanic struggle to keep men free."

Balanced Budget Is Unchanged Aim

At the second general session on Wednesday morning, the Honorable Rowland R. Hughes, Director, Bureau of the Budget, brought the bankers up to date on the Government's fiscal and monetary policies.

"Taking the legs of the tripod one at a time," said Mr. Hughes, "the goal of our fiscal and budgetary policies has been a reduction in Government spending, a reduction in taxes, and the achievement of a balanced budget.

"I emphasize," he asserted, "that the fact that the budget has not yet been balanced does not indicate that the Administration has given up its intention of balancing the budget. Our policy is fixed and determined. It is flexible only in its execution. The expenditure reduction already made provide convincing evidence of the Administration's determination to reduce costs and to move toward, rather than away from, the goal of a balanced budget.

"With the continued support of the Congress and of enlightened public opinion—both essential to any real endeavor to cut the costs of Government—the Administration is determined to continue the unremitting emphasis on efficiency and economy, and on the elimination of non-essentials, which made our savings possible. In order to achieve the

Gwilym A. Price, president, Westinghouse Electric Corp., spoke at the second general session on "The Atom and Electricity"



President Reese at his press conference

balance we seek among military capacity, a strong economy, and fiscal soundness, we remain fixed in our resolve to reduce Government expenditures as rapidly as our national security and well-being will permit and thus to move toward our ultimate goal of a balanced budget. It surely will not be easy and can be done only with persistent citizen support of economy moves, both in general and in specific cases; but we are convinced that such a budget program represents a plan of government which will not only protect our way of life but strengthen our economic base and enhance the welfare of all our people."

Foresees "Orderly Approach" of Atomic Power

Gwilym A. Price, president of the Westinghouse Electric Corporation, Pittsburgh, told the Convention that the harnessing of atomic power is not going to upset the economics of the nation's electric utility industry.

"In the first place," Mr. Price declared, "atomic power plants will use much the same equipment and facilities as coal-fired steam plants. In the present state of the art, we anticipate that the 'uranium boiler' will simply take the place of the coal boiler. The generators and transformers will be of the same types. The turbines may be essentially the same as those now used.

"In the second place," he continued, "the demands for electric power in the decades ahead will be

so stupendous that every resource that is practical and available will be needed and used. Atomic power will enter the picture as another major source of energy, not as a replacement but as an essential supplement."

The third reason given by Mr. Price for anticipating the orderly approach of atomic power is that its widespread and extensive use for civilian purposes is still "some years away."

This conclusion is more than a casual one, Mr. Price emphasized. "Westinghouse has backed it with some \$50,000,000.

"The utility man probably will have to increase his investment by \$35-billion or more in the next 10 years. If I were in your place, I'd lend it to him. He's a member of an efficient industry that ranks right along with atomic energy in the rate of development."

President Livingston Outlines Program

Homer J. Livingston, president of the First National Bank of Chicago, upon his elevation to the presidency of the Association, declared that "a knowledge of monetary and fiscal problems, a fundamental understanding of the techniques of central banking, and the vision and determination to build the capital structures and expand the services of banks are only a few of the qualifications required of competent bankers today. He said:

Rowland R. Hughes, director, Federal Bureau of the Budget, spoke at the second general session on "The Budget Today and What the Citizen Can Do About It"





THE FORMER PRESIDENTS' LUNCHEON—Starting at left foreground and reading clockwise around the table (dates following former presidents' names are years of election): Secretary **Henry M. Sommers**; Executive Manager **Merle E. Selecman**; outgoing President **Everett D. Reese**, president, The Park National Bank of Newark, Ohio; **Joseph M. Dodge (1947)**, chairman, The Detroit Bank; **Frank C. Rathje (1945)**, president, Chicago City Bank and Trust Co.; **C. W. Bailey (1946)**, president, First National Bank, Clarksville, Tenn.; **P. D. Houston (1940)**, honorary chairman, First American National Bank, Nashville; **Rudolf S. Hecht (1934)**, R. S. Hecht & Co., New Orleans; **Robert F. Maddox (1918)**, director, First National Bank, Atlanta; **Tom K. Smith (1936)**, chairman, The Boatmen's National Bank, St. Louis; **A. L. M. Wiggins (1943)**, chairman, Bank of Hartsville, S. C.; Secretary of the Treasury **George M. Humphrey**; **W. Harold Brenton (1952)**, president, State Bank of Des Moines; Federal Reserve Board Chairman **William McC. Martin**; **Robert V. Fleming (1935)**, president and chairman, The Riggs National Bank of Washington; Chase National Bank Chairman **John J. McCloy**; incoming President **Homer J. Livingston**, president, The First National Bank of Chicago; **W. Randolph Burgess (1944)**, Under Secretary of the Treasury for Monetary Affairs; **Harry J. Haas (1931)**, Harry J. Haas & Associates, Philadelphia; **James E. Shelton (1950)**, president, Security-First National Bank of Los Angeles; **F. Raymond Peterson (1949)**, chairman, First National Bank and Trust Co., Paterson, N. J.; **C. Francis Cocke (1951)**, president, The First National Exchange Bank of Roanoke, Va.; **Orval W. Adams (1937)**, executive vice-president, First National Bank of Salt Lake City; **Nils A. Lennartson**, Assistant to the Secretary of the Treasury (for Public Affairs)

A session of the Public Relations Council
(Names of members appear on page 127)



"Confronted with the challenge of our vastly expanded industrial economy and of the position of the United States in world affairs, the A.B.A. has at least four clear and unmistakable responsibilities:

"(1) The responsibility of supporting every activity which will further strengthen the present able management of America's banking system.

"(2) The responsibility courageously to resist all unsound economic and banking proposals and to support sound proposals.

"(3) The responsibility to help its members inform the American people of the services and functions of private banking in a free enterprise economy.

"(4) The responsibility for providing thoughtful and intelligent national leadership on important economic, monetary, and fiscal problems."

Selecman Honored

Merle E. Selecman, executive manager of the American Bankers Association, who served as secretary of the Trust Division of the Association since 1937, was honored at the annual meeting of the Division held as a part of the A.B.A. Convention.

N. Baxter Maddox, outgoing president of the Division, who is vice-president and trust officer of The First National Bank, Atlanta, Georgia, presented Mr. Selecman with a scroll on behalf of the bank and trust company members of the Division. The scroll reads as follows:

This token of affection and personal appreciation is presented by the Trust Division of the American Bankers Association to Merle E. Selecman in recognition of his unselfish service to the trust institutions of America and for his outstanding leadership and devotion to duty as secretary of the Trust Division through the years since 1937.

In making this presentation Mr. Maddox said, "In the minds of many of us, he is 'Mister Trust Division,' as I am sure the great growth and success of this Division is due largely to his efforts.

"It is a pleasure for me to present, in your behalf, as a token of our appreciation for his many years of loyal service and the many years to come, this scroll to our friend and associate, Merle Selecman."

MEET THE NEW VICE-PRESIDENT

Vice-president Fred F. Florence

FRED F. FLORENCE, who has just become vice-president of the American Bankers Association, is president of the Republic National Bank of Dallas, Texas.

A native of New York City, Mr. Florence moved to Rusk, Texas, with his parents at an early age. He entered the banking business in 1907 with the First National Bank of Rusk and rose to assistant cashier. In 1911 he joined the American Exchange Bank, Dallas, Texas. After a few months with that institution and a short period as cashier of the First State Bank, Ratcliff, Texas, he became vice-president of the Alto State Bank, Alto, Texas, in 1912. In 1915, he was elected president of that institution.

In World War I he enlisted in the Air Force and became a second lieutenant. After the Armistice he returned to the Alto bank's presidency and served a term as mayor of the town.

In 1920, Mr. Florence became first vice-president of the Guaranty Bank and Trust Co., Dallas, the forerunner of the Republic National Bank. He was elected president of the Republic National Bank in 1929.

Broad Banking Background

In the American Bankers Association, Mr. Florence was a member of the Committee on Banking Studies from 1934 to 1937; the Subcommittee on Taxation of the Committee on Federal Legislation from 1937 to 1941; the National Defense Loans Committee in 1941-42 and the National War Loans Committee in 1942-43; the Small Business Credit Commission from 1944 to 1950; and the Credit Policy Commission from 1950 to 1954, being chairman from 1951 to 1954. He served a 3-year term on the A.B.A.'s Executive Council from 1947 to 1950 and a 1-year term on the Administrative Committee in 1947-48.

Mr. Florence served as president of the Texas Bankers Association in 1936 and was president of the Dallas Clearing House Association for three terms. He is a past director of the Association of Reserve City Bankers.

Outside the banking business, Mr. Florence is a director in a number of firms, including Austin Bridge Company, Baker Hotel, Dallas Power & Light Co., Dallas Railway and Terminal Co., Lone Star Steel Co., Missouri-Kansas-Texas Railroad Co. of Texas, and the



Wyatt Metal and Boiler Works. He is president of the Cosmopolitan Hotel Co.

He is a director of the Camp Fire Girls, Inc.; Civic Federation of Dallas; Dallas Citizens Council; Dallas Community Chest; Dallas Grand Opera Association; Dallas Symphony Orchestra; the Pilot Institute for Deaf; Texas Midcontinent Oil & Gas Association; U. S. Cerebral Palsy Association for Dallas County; and Boy Scouts of America, Circle Ten Council (North Texas). He is a trustee of the American Heritage Foundation; chairman and trustee of St. Paul Hospital advisory board; a member of the advisory board of the Dallas Branch of the Salvation Army; a member of the executive committee of Southern Methodist University; a trustee and treasurer of the Southwestern Medical Foundation; a director and treasurer of the State Fair of Texas; trustee, treasurer, member of the executive committee, and member of the endowment committee of the Texas Research Foundation; lifetime Dallas County chairman of the National Foundation for Infantile Paralysis; and a member of the board of trustees of the United States Council of the International Chamber of Commerce.

His Bank's New Building

Another important event for Mr. Florence and Republic National will occur on December 1, when dedication ceremonies will be held for the bank's new 40-story building in Dallas, with its beacon light that will throw a beam for 120 miles. The glass, aluminum, and steel building has been constructed at a cost of about \$25,000,000. It is an appropriate symbol of an outstanding bank in a rapidly developing section of the country, and of the leadership of the man who has headed the institution for 25 years.

Mr. Florence is married, has one son and one daughter, and makes his home in Dallas.

Six Association Leaders

Following are brief biographies of the men who will serve with President LIVINGSTON and Vice-president FLORENCE in the direction of American Bankers Association affairs during the year 1954-55. MR. LIVINGSTON was the subject of a sketch that appeared in November BANKING.

SHERMAN DRAWDY

Treasurer,
American Bankers Association

SHERMAN DRAWDY, president of the Georgia Railroad Bank & Trust Company, Augusta, Georgia, was reelected for a second year as treasurer of the American Bankers Association at a meeting of the new Executive Council held at the close of the 80th annual convention.

Mr. Drawdy was born in Groveland, Florida, and attended schools there. He entered the banking business in 1921 as a clerk in the Bank of Groveland, advancing to cashier in 1924. In 1926 he joined the Florida State Banking Department as an examiner and continued in that position for seven years. In 1933 he joined the Federal Deposit Insurance Corporation, and shortly thereafter he became senior examiner in the Sixth Federal Reserve District for

the Federal Reserve Bank of Atlanta.

Mr. Drawdy became associated with the Georgia Railroad Bank & Trust Company in 1936 as vice-president and comptroller. After being advanced to vice-president and cashier, and later to first vice-president and cashier, he was elected president in 1947.

Mr. Drawdy has long been active in bankers' association affairs and has served as president of the Georgia Bankers Association. In the American Bankers Association, he was state vice-president for Georgia of the Organization Committee in 1946-47, a regional vice-president of the Organization Committee from 1947 to 1949, a member of the Federal Legislative Council and of the Executive Council from 1949 to 1952, and a member of the State Banking Departments Committee of the State Bank Division in 1950-51. He was a member of the Executive Committee of the State Bank Division from 1950 to 1953 and of the Division's Legislation Committee from 1951 to 1953, Georgia state chairman of the Treasury Savings Bonds Committee from 1951 to 1953, and a member of the Commerce and Marine Commission in 1952-53. He was elected A.B.A. treasurer at a meeting of the Association's Executive Council held at the close of the

Association's 79th Annual Convention in Washington, D. C., September 23, 1953.

Mr. Drawdy is president of the Georgia Railroad and Banking Company and a director of North Augusta Banking Company, Augusta Lumber Company, Castleberry's Food Company, Cato Stores, Inc., Professional Building, Inc., and Claussen's Bakery, Inc.

He is married, has two children, and makes his home in Augusta.

B. MAGRUDER WINGFIELD

President, National Bank Division

B. MAGRUDER WINGFIELD, vice-president of the National Bank of Commerce of Houston, Texas, was born in Charlottesville, Virginia. He was educated at McGuire School for Boys in Richmond, Virginia, and Augusta Military Academy in Shenandoah Valley, Virginia. He was graduated with an LL.B. from the University of Virginia at Charlottesville.

After practicing law for a short time, he joined the legal division of the Federal Reserve Board in 1923, continuing until 1944, attaining the title of assistant general counsel. In 1944 he became vice-president and director of the National Bank of

Sherman Drawdy



George C. Barclay



Joseph R. Jones





Robert E. Lee Hill



B. Magruder Wingfield



Ben S. Summerwill

Commerce of Houston. He is also a director of the North Side State Bank in Houston.

He is a member of the Reserve City Bankers Association and The National Foreign Trade Council and a director of The Bankers Association for Foreign Trade.

In the American Bankers Association, Mr. Wingfield was a member of the Committee on Service for War Veterans, 1944-49; member of the Research Council, 1951-52; and a member of the Federal Legislation Committee and chairman of its Subcommittee on Section 5219 U. S. Revised Statutes, 1952-54. In the Trust Division, he was a member of the Committee on Common Trust Funds, 1944-48; and of the Executive Committee, 1945-48. In the National Bank Division, he was a member of its Federal Legislation Committee, 1950-52; a member of its Executive Committee, 1950-53, being chairman in 1952-53; and vice-president in 1953-54.

His civic activities include the Red Cross, Community Fund, Houston Chamber of Commerce, Houston Farm and Ranch Club, and Junior Achievement, Inc.

Mr. Wingfield is married and has five children. He makes his home in Houston.

JOSEPH R. JONES

**President,
Savings and Mortgage Division**

JOSEPH R. JONES, vice-president of the Security-First National Bank of Los Angeles, Los Angeles, Cali-

fornia, was born in Battle Creek, Michigan, but moved to California while a young boy. He attended schools in Los Angeles and Alhambra, including Los Angeles Junior College. He also took real estate and law courses at UCLA and USC.

He began his banking career in Los Angeles in 1917 and was associated with the First National Bank of Alhambra from 1917 to 1927, working up to assistant cashier. In 1927 he became associated with the Security-First National Bank's Alhambra Branch, serving as assistant cashier, cashier, and assistant manager. He left the branch in 1932 to take the post of assistant secretary at the bank's head office in Los Angeles, where he became assistant vice-president in 1936 and vice-president in 1943.

He is a past chairman of the Real Estate Loan Committee of the California Bankers Association, having been a member of the committee for several years. He was a director of the Mortgage Bankers Association of Southern California from 1949 to 1954, and served for several years on its Federal Legislation Committee. In the Mortgage Bankers Association of America, he has served on the Federal Legislation, Clinic, and Membership committees and is regional vice-president for District 12 for 1952-55.

In the American Bankers Association, Mr. Jones has served as a member of the Subcommittee on Mortgage Financing and Urban Housing of the Federal Legislation Committee since 1946, and as a member of the Credit Policy Commission in 1952-54. In the Savings and

Mortgage Division, he served as a member of its Committee on Real Estate Mortgages from 1948, being chairman in 1952-54; as a member of its Executive Committee from 1951 to 1953; and as vice-president of the Division in 1953-54.

Mr. Jones is a member of the Construction Industries Committee of the Los Angeles Chamber of Commerce and member of the board of directors and past president of San Marino Community Chest and Council. He has been a member of the board of directors since 1950 and chairman of the board since 1952 of the Sister Elizabeth Kenny Foundation of Southern California, and a member of the board of directors since 1952 of the Sister Elizabeth Kenny Foundation, Minneapolis (national organization).

Mr. Jones is married and has one son and one daughter. He makes his home in San Marino, California.

BEN S. SUMMERWILL

President, State Bank Division

BEN S. SUMMERWILL, chairman of the board of the Iowa State Bank & Trust Company, Iowa City, Iowa, was born in Odebolt, Iowa, and attended Newton (Iowa) High School and Shattuck Military Academy.

After engaging in the retail lumber and cattle business, Mr. Summerwill was connected with the Iowa State Banking Department from 1928 to 1934. He became president of the Iowa State Bank & Trust

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Company in Iowa City when it was organized in 1934; in January 1953 he was elected chairman of the board.

In the Iowa Bankers Association, Mr. Summerwill has served on several committees, being chairman of its Education Committee from 1935 to 1939, chairman of its Federal Legislation Committee in 1947-48, and chairman of its Small Business Credit Committee in 1951-52.

In the American Bankers Association, he served as a member of the Subcommittee on Agricultural Credit of the Committee on Federal Legislation in 1943-44, a member of the Executive Council and of the Federal Legislative Council from 1947 to 1950, and state vice-president for Iowa on the Organization Committee from 1949 to 1951.

He served on several committees of the State Bank Division, including the Executive Committee from 1949 to 1953, being chairman in 1952-53. He was vice-president of the Division in 1953-54.

Mr. Summerwill is president of the Iowa Apartments, Inc., and of the Johnson County Realty Company, both of Iowa City.

He is a member of the Elks, Moose, Chamber of Commerce, and Navy League.

Mr. Summerwill is married and has two sons and one daughter. He makes his home in Iowa City.

GEORGE C. BARCLAY

President, Trust Division

GEORGE C. BARCLAY, vice-president of the City Bank Farmers Trust Company, New York, was born in that city. He was graduated from Harvard College and Harvard Law School, and was secretary of his college class for 35 years.

During World War I, he served as a second lieutenant in the Field Artillery. He practiced law for three years and for five years was connected with Barclay & Co., manufacturers.

In 1930 Mr. Barclay joined the City Bank Farmers Trust Company as assistant vice-president; he was appointed a vice-president in 1943. He is also a trustee of the Bowery Savings Bank and a director of Lanman & Kemp-Barclay & Co., Inc.

Mr. Barclay is a former chairman of the Common Trust Fund Committee, former chairman of the Trust Division, and currently is a member of the Legislative Committee of the New York State Bankers Association. He is a former chairman of the Banking Law Section of the New York State Bar Association.

In the Trust Division of the American Bankers Association, Mr. Barclay was a member of its Committee on Trust Education for many years, including 1953-54; chairman of its Committee on Common Trust Funds

from 1941 to 1946; and a member for two terms on its Executive Committee—1944-47 and 1950-53. He was chairman of the Executive Committee in 1952-53 and vice-president of the Division in 1953-54.

Mr. Barclay is married and has one son and two daughters.

ROBERT E. LEE HILL

President, State Association Section

ROBERT E. LEE HILL, executive manager of the Missouri Bankers Association, was born in St. Charles, Missouri. He was graduated from Culver Military School and the University of Missouri, and holds B.S. and M.S. degrees in agriculture and a Bachelor of Journalism degree from the latter institution.

Mr. Hill has been an administrative officer of the University of Missouri in charge of alumni activities since 1921. Since 1944 he has been executive manager of the Missouri Bankers Association, Columbia.

He was vice-president of the State Association Section of the American Bankers Association in 1953-54.

Mr. Hill was president of Rotary International in 1934-35, is a former president of the Missouri State Chamber of Commerce, and is now a member of the board of governors of the Automobile Club of Missouri.

He is married, has two daughters, and makes his home in Columbia.

The New Officers

HERE are the new officers elected by the Association's divisions and sections to serve during the year 1954-55:

NATIONAL BANK DIVISION: *President*, B. MAGRUDER WINGFIELD, vice-president, National Bank of Houston, Texas; *vice-president*, GIBBS LYONS, president, First-Stamford National Bank & Trust Co., Stamford, Conn.; *Executive Committee Chairman*, SAM M. FLEMING, president, Third National Bank, Nashville, Tenn. MR. WINGFIELD succeeded HENRY A. KUGELER, president, The Denver (Colo.) National Bank.

SAVINGS AND MORTGAGE DIVISION: *President*, JOSEPH R. JONES, vice-president, Security-First National

Bank of Los Angeles, Calif.; *vice-president*, EARLE A. WELCH, treasurer, Meredith Village Savings Bank, Meredith, N. H. MR. JONES succeeded JOHN W. KRESS, executive vice-president, The Howard Savings Institution, Newark, N. J.

STATE BANK DIVISION: *President*, BEN S. SUMMERWILL, chairman of the board, Iowa State Bank and Trust Co., Iowa City; *vice-president*, ROBERT H. BOLTON, executive vice-president, Rapides Bank & Trust Co., Alexandria, La.; *Executive Committee Chairman*, A. K. DAVIS, senior vice-president, Wachovia Bank and Trust Company, Winston-Salem, N. C. MR. SUMMERWILL succeeded HARRY M. ARTHUR, president, Arthur State Bank, Union, S. C.

TRUST DIVISION: *President*, GEORGE

C. BARCLAY, vice-president, City Bank Farmers Trust Co., New York; *vice-president*, RICHARD P. CHAPMAN, president, The Merchants National Bank of Boston; *Executive Committee Chairman*, THOBURN MILLS, vice-president, The National City Bank of Cleveland. MR. BARCLAY succeeded N. BAXTER MADDOX, vice-president and trust officer, The First National Bank, Atlanta, Ga.

STATE ASSOCIATION SECTION: *President*, ROBERT E. LEE HILL, executive manager, Missouri Bankers Association, Columbia; *vice-president*, ARTHUR L. GANSON, executive secretary, Washington Bankers Association, Seattle. MR. HILL succeeded R. IRBY DIEDER, executive secretary, Louisiana Bankers Association, Baton Rouge.

Convention Echoes

Here are some brief excerpts from addresses given at the Atlantic City meeting.

40% of the People Save

John W. Kress, executive vice-president, The Howard Savings Institution, Newark, N. J., speaking as president of the Savings and Mortgage Division.

THE country continues to grow and expand in savings, in housing, in demands for mortgage loans, and in a better standard of living generally. There are approximately 69,000,000 savers in the commercial and mutual savings banks of our country. We have promoted and stimulated the American public to the value of thrift, home ownership, and higher learning for our children. Granted that there is some duplication in the total number of savers, we estimate roughly that 40% of our population have savings accounts in our banks.

Yet, compare this with the result of the thrift promotion effort of the Scandinavian bankers and of the savings habits of their populace—over 11,500,000 savers out of a population of slightly under 15,000,000 people—almost 80% compared with our 40%. There is much, therefore, that still needs to be done. An apathy towards savings deposits by some of our bankers has, to a very large extent, been the reason for the growth of other types of institutions. If we fail to promote the advantages of doing business with a bank, we have ourselves to blame if the public does business with the competitors down the street.

We must fight to maintain banking's leadership in the savings field. We must fight to maintain sound mortgage lending principles. Above all, we must fight to keep our national economy free and independent.

Pattern for Economic Growth

The Honorable Walter Williams, Under Secretary of Commerce, at the Savings and Mortgage Division meeting.

THERE is every reason to expect that in the longer run our growth potential can and will be realized, and that it will equal, if not exceed, the average long term growth trend of 3%. Most of the past expansion can be traced to the basic development of our resources, to increased productivity stemming primarily from technological and managerial progress, to a high rate of capital formation, and to the constant improvement in the education and skills of the working population.

All of these forces are in operation today. We need not dwell at any length on the tremendous technological advances which are possible once atomic power can be harnessed and directed toward peacetime uses. Other less spectacular changes are even now present.

The growth of formalized scientific research has speeded up our learning process; and the contribution

of those who put this knowledge to use is steadily increasing. A large share of management's attention must be given not only to programs for promoting research and development, but also to continuing modernization of productive and distributive processes.

Since both industry and government are increasingly aware of the high returns from research and development, there is no reason to believe that the flow of innovations relative to total real product will be any less than in the past.

State Bank Division Report

Harry M. Arthur, president, Arthur State Bank, Union, S. C., speaking as president of the State Bank Division.

THE State Bank Division, representing as it does the majority of the banks of the country and 50% of the total banking resources, is an important segment of our financial economy. The Division is constantly offering constructive suggestions and is giving its support

At a joint conference of State Bank Division officers and state bank commissioners are shown, left to right: Grant L. Robison, Superintendent of Banks, Nevada, and president, National Association of Supervisors of State Banks; J. M. Falkner, Bank Commissioner, Texas, and first vice-president, NASSB; Ben S. Summerwill, president, State Bank Division, and chairman, Iowa State Bank and Trust Co., Iowa City, Iowa; and Robert H. Bolton, vice-president, State Bank Division, and executive vice-president, Rapides Bank & Trust Co., Alexandria, Louisiana



to other groups which are advancing the cause of banking.

The [Division's] Committee on State Bank Research again undertook a study on the "Condition and Operation of State Banks in 1953." The report of the study revealed that there were 9,588 state-chartered banks in the United States and the District of Columbia at the end of 1953, 9,060 of which were state commercial banks and 528 of which were mutual savings banks. Total assets of all state-supervised banks reached an all-time high of \$110,488,090,000, an increase of well over \$4,000,000,000. Of this amount, \$83,357,844,000 were held by state commercial banks and the balance by mutual savings banks.

The report also showed that in 1953 United States Government securities in all state-supervised banks increased over \$239,000,000 to a total of \$37,108,614,000. Of this amount, \$27,928,250,000 were held by state commercial banks and the balance by mutual savings banks. At the end of 1953, total deposits of all state-supervised banks reached an all-time high of \$100,255,115,000, an increase of almost \$4,000,000,000. State commercial banks held \$75,859,523,000 of this amount, and \$24,395,592,000 were held by mutual savings banks. Profits before income taxes totaled \$797,469,000; and net profits after taxes increased \$13,285,000 to a total of \$464,496,000, of which \$205,148,000 went to cash dividends and \$259,348,000 were added to capital accounts.

How to Make the Fight

James Q. du Pont, administrative assistant, du Pont de Nemours & Co., Wilmington, Del., at the State Bank Division meeting.

WE should, we must, take time off, or find time, from this utterly important thing called work to do another equally important thing called think. We must think about—think deeply and deliberately about—the problem of Communism. Then, having thought, we must devote some reasonable portion of our waking hours, and energy, to fighting in the battle for men's hearts and minds.

Some of us can speak, "carry the word," "pass the ammunition" to the four corners of the land. Some of us can write speeches, plays, radio and television scripts. Some of us,

who can't do these things, can contribute in a very important other manner by seeing to it that the truly effective writers and speakers on our side are handled wisely and utilized to the hilt, not wasted on deaf or snobbish ears.

But better still than any of these special efforts, we can all of us revise, and improve our behavior, our actions, in the light of our deeper thinking. It is our actions, and what we are as business and professional men, that will be our salvation or our defeat and destruction. Never forget—never forget—the "man in the street" is almost always a man of reaction, not action. If, therefore, we act decently, fairly, humbly, nobly, then this all important "average man" will react favorably to us, to business, and to management. Then, and only then, will he begin to listen and believe our story. But if we do not act properly, nobly, he will react against us; and all, or most, of our public relations investment and effort is "right down the drain."

National Banks Show Growth

Henry A. Kugeler, president, The Denver National Bank, Denver, Colo., speaking as president of the National Bank Division.

IT gives me pleasure to quote from the 1953 Annual Report of the Comptroller of the Currency released a few months ago.

The status and affairs of the national banking system at the end of 1953 may be described as sound in asset quality and capital strength, adequately liquid, reasonably profitable.

During the past decade, national banks represented the most important segment in our nation's banking structure. At the end of 1953, national banks were serving the citizens, industry, and the federal and state governments in 7,478 locations. While numerically they represented only one-third of the active banks in the country, they held one-half of all deposits and one-half of all assets of all of the banks.

During that period, national banks have grown rapidly, as evidenced by a 70% increase in total assets, 67% increase in total deposits, 4% increase in investment in government obligations, a 274% increase in total loans, and an 87% increase in capital structure.

My admonition to you at this time, therefore, is this: Plan progressively and constructively for the future so that national banks individually and collectively will continue to grow with the predicted growth of this nation; maintain the banks on a sound and efficient basis; build experienced personnel and management. Remember that a national bank in reality is a service agency, and serve your customers and your community so well that they will rely on you and prosper.

A group at the Independent Bankers breakfast, held during the A.B.A. convention, including, left to right: former A.B.A. President C. W. Bailey of Clarksville, Tenn.; former A.B.A. President F. Raymond Peterson of Paterson, N. J.; former A.B.A. President C. Francis Cocke of Roanoke, Va.; former A.B.A. President W. Harold Brenton of Des Moines, Iowa; outgoing A.B.A. President Everett D. Reese of Newark, Ohio; and Senator William F. Knowland of California



Sees "Ample" Credit

The Honorable Ray M. Gidney, Comptroller of the Currency, at the National Bank Division meeting.

DURING the transition period of the past year and a half, I have noted an attitude of confidence on the part of bankers in all parts of the country and readiness to take care of the needs and problems of their respective communities. Banks and bankers have given a good account of themselves in connection with the important economic readjustments which have occurred. I feel very proud of the members of our profession. Ample credit has been forthcoming for business, industrial, and agricultural enterprises as required; and this fact has been important in helping to make 1954 the best peacetime year in our history.

Perhaps it would be in order to give you a very brief summary of the position of all national banks at the latest call date, June 30. Total assets of national banks were about \$109-billion, deposits were just under \$100-billion. To protect these deposits, the national banks have total capital accounts of \$7.7-billion, or 7.73% of total deposits. Including with capital accounts, the reserves for bad debts of \$575,658,000, the percentage is better than 8½%. This percentage has been growing

at a fairly satisfactory rate in recent years, even though deposits have been rising steadily. Of the total assets of \$109-billion, \$38-billion, or 35%, is represented by loans and discounts. Investments and securities amount to \$45-billion, or 41% of total assets; and of these securities, \$36-billion, or four-fifths, are U. S. government obligations. Cash and equivalent total \$25-billion, or 23% of assets. The banks' assets are thus well balanced between loans, investments and cash, and the banks are in fine shape to take care of sound demands for extension of credit.

Influence of Propaganda

U. V. Wilcox, Washington Correspondent for The American Banker, and Editor-Publisher Washington Banktrends, Washington, D. C., at the National Bank Division meeting.

GOVERNMENT news is influenced through propaganda and publicity, official and otherwise. The Government shrewdly propagandizes, although it is not called that. Organizations of all sorts join in doing that sort of thing.

Washington represents big Government. It constitutes the opinion that must be met in your life and in your business life and in the banking

world. It must be met somewhere, either as a defense or as a challenge. It seems to me that we need to appreciate that the pace and the speed of events is very rapid.

... There is a wide belief that there is an opportunity to sell banking, to defend banking, and to see banking grow despite all of the efforts of propaganda.

There is no chance for an armistice in this fight for men's minds and the control of men's minds.

Must Increase Risk-Taking

George Champion, senior vice-president, The Chase National Bank, New York, at the National Bank Division meeting.

IF we are to fulfil our obligations to small business—indeed if we are

IBA Resolves

The Independent Bankers Association, at its breakfast held during the A.B.A. Convention in Atlantic City, adopted this resolution:

WHEREAS the A.B.A. in resolutions adopted at Boston in 1937 and at Detroit in 1948, and reaffirmed on various occasions, has strongly set forth its position in opposition to branch banking across state lines by any device, and in support of legislation regulating bank holding companies in conformity with this principle, and

WHEREAS most State Bankers Associations, the National Association of Supervisors of State Banks and the two Independent Bankers Associations have also urged enactment of legislation which will regulate bank holding companies, and

WHEREAS such regulatory legislation has been before Congress and from all indications the next session should see consideration of this proposal by both the House and the Senate,

NOW, THEREFORE, BE IT RESOLVED that this group of Independent Bankers call on bankers not controlled by a holding company, to put forth redoubled efforts in the coming months, so that this long struggle to secure legislation to prevent evasion of existing banking laws, and to preserve the American System of Independent and Competitive Banking will be successful.

Another section of the speakers' table at the Independent Bankers breakfast, showing, left to right, W. J. Bryan, president, Independent Bankers Association, and vice-president, Third National Bank in Nashville, Tenn.; Comptroller of the Currency Ray M. Gidney; FDIC Chairman H. Earl Cook; Director of the Budget Rowland R. Hughes; incoming A.B.A. President Homer J. Livingston of Chicago; incoming A.B.A. Vice-president Fred F. Florence of Dallas, Tex.; and George R. Boyles, chairman, A.B.A. Committee on Federal Legislation, of Chicago. The photographer failed to include in these pictures Harry J. Harding, president, 12th District Independent Bankers Association, and president, The First National Bank of Pleasanton, Calif.



to assist all business in the period of expansion ahead—our capacity for taking on risks must grow. Our banks provide the lifeblood of free enterprise, and it is quite clear that a continuing expansion of industry and trade would be greatly handicapped without an increase in our ability to lend. One has only to look at the economies of certain foreign countries where the commercial banks are dominated or controlled by a government-owned central bank to see how necessary free competitive banking is to a dynamic free economy. Loans to new firms which display integrity and capacity are almost nonexistent in these countries.

How essential free banking is to growth in the American economy can be seen very simply from our experience in the postwar years. Over this period, the gross national products has risen about 70%; but at the same time, as I mentioned earlier, our total loans have more than doubled. Even since 1949 our loans have expanded by 56%, while the national product has moved higher by 38%.

Good Supervision "Vital"

The Honorable H. Earl Cook, Chairman of the Federal Deposit Insurance Corporation, at the State Bank Division meeting.

WHEN we reflect on the numerous developments which have occurred in American banking, one of the most important was emergence of our dual banking system, for the outcome of that contest between two great banking systems was a victory of neither one nor the other. It was another step in the ladder of America's economy. It was not realized at that time that there was room for both systems, and even more important, that free-enterprise banking would actually be more effective with two healthy systems, rather than with only one.

How can we best sum up the heritage of the state banking system? I would say that it is the ability to adapt to changing requirements and conditions without sacrifice of the essential function of meeting the financial needs of the local community and the nation. Of course, we are all interested in making sure that this heritage is not dissipated. We want it passed on with even greater luster to those who will fol-

low. Consequently, it is appropriate now to suggest an important way in which this can be done.

This history of the state banking system emphasizes the significant role of bank supervision. Not only is it an essential ingredient to the success of federal deposit insurance; but, more important, good bank supervision is vital to the basic interests of each individual banker. The rules under which examiners operate are merely a summation of preventive measures developed out of an experience of 150 years of banking.

Business Cycle Major Problem

N. Baxter Maddox, vice-president and trust officer, The First National Bank, Atlanta, Ga., speaking as president of the Trust Division.

AS I look back over my past year as president of the Division, I have become convinced that we are as far away as ever from the final answers to the problems affecting our business. It is true that we have made strong progress toward solving some of them; but a world of change brings new ones, so that our job is never done.

For example, economists, business leaders, statesmen, politicians, and others have tried for years to solve the riddle of the business cycle—which certainly has a pronounced effect upon our trust operations. Those who not long ago suggested that we may have reached a millennium of a constant superboom in business have relearned during the past year that the old laws of supply and demand have not been repealed. Despite our tremendous advances toward understanding the workings of business and economics, and despite the development of the greater role of government responsibility for the health of the economy, the business cycle remains as one of the problems which we must constantly keep in mind.

Each year we learn anew that our search for better knowledge in our field must not be allowed to relax. A service organization must do what its name denotes. It must serve. Webster defines the word "serve" as "to exert one's self continuously." So, after more than half a century, the motivation of the Trust Division must still be to work continuously and serve the trustmen in solving the complicated problems of

today's business, and be prepared to meet the future, just as the aim of the trustman, himself, must be to serve the public in the best possible manner.

Common Stocks—"The Big Change"

Benjamin Strong, president, United States Trust Company, New York, at the Trust Division meeting.

TO sum up the reasons why we are justified in being interested in equities for our trust funds, we have: (1) A more stable interest rate structure; (2) a more favorable equity market in which to function; and (3) a more mature industrial climate in which to invest.

What then are the implications and impacts of this big change? What does substantial investment in equities demand of us who are responsible for trust funds?

To me, nothing in the history of trust investment has had more far reaching effects than this big change. In a sense, it alters the whole character of our business, and should radically change our approach to investment problems and methods.

The fact is that common stocks are now a necessary part of our conservative investment fabric; and they will stay so, in good times and bad, war and peace, inflation and deflation. We will, therefore, have to take the inevitable hazards involved; and by careful selection and timing, we must keep these risks to a minimum. In short, we are in equities for all time; and we had better look closely at the reasons why we are there, and how we can justify being there.

Trust funds of all categories cannot, and must not, be subjected to violent and sudden price fluctuations brought on by unsound, speculative positions and manipulations. We, as investors, may be in a position to guard against broad price movements due to the varying complexities of our economy or to the changing character of a particular industry or company; but we cannot cope with the contrivings of the gambling element that in years past has often brought disaster to the conservative investor. It can be said, I believe, that we now have a climate in which we can function in common stocks with reasonable expectation that we can buy or sell in a broad market of acceptable stability.

Resolutions Adopted

We are grateful that our nation is not now engaged in a shooting war, with its inevitable casualty lists of American men and boys. We are, however, under constant attack in a cold war by a relentless enemy which does not react to the nobler impulses and decencies of civilized man. Its attack is twofold. It seeks by deceit, lies, and treachery to infiltrate, debase, and corrupt from within, while it prepares for the day when it can attack from without.

To meet this threat, we and our allies must maintain both defensive military strength and a retaliatory striking power so great that it will prevent an attack by men who recognize no moral restraints. To support our military strength as well as to preserve the welfare of our people, we must maintain a strong, sound, prosperous, and abundantly productive domestic economy.

Sound Economy

To maintain a sound domestic economy, as individuals we must produce more than we consume, earn more than we spend, and by the exercise of initiative, industry, and thrift acquire the capital funds which are indispensable to a vital and growing economy.

We reaffirm our strong conviction that the economy of a nation cannot remain sound and healthy if its Government continually lives beyond its means. We commend the steps which have been taken to reduce Federal expenditures, to eliminate waste, to improve efficiency in governmental activities, and to withdraw the Government from fields of activity which can better be carried on by its citizens under our American enterprise system. We urge further action along these lines as rapidly as possible without endangering our national security and other essential programs, so that the Federal budget may be in balance at a figure that will permit a further reduction in taxes and a program for a systematic reduction of the public debt.

In this way we can maintain sound government credit, stabilize the purchasing power of the dollar, and preserve for the American people the traditional American incentive to produce, by allowing the reten-

tion by the individual of most of the proceeds of his mental and physical labor, free from confiscatory taxation by his Government. These are some of the precious heritages of American economic life.

Monetary Policy

There is no magic formula for the use of monetary and credit controls by Government as a substitute for production by the people of a nation as a basis for a prosperous economy. A careful, continuing, and intelligent monetary policy is, however, of great importance in helping to stabilize the economy by providing restraints during periods of inflation and speculative excesses, and assisting in making credit readily available during periods of economic readjustment. We reaffirm our support of a flexible monetary policy and generally commend the actions taken under such a policy in the past two years during a period of transition from a wartime economy to a peacetime economy.

Economic readjustments are unavoidable during a period when major changes take place in the nature and character of a large part of domestic production. Orderly readjustments, when necessary, are far better for our economy than the continuance of maladjustments.

Banking Education

The strength of our banking system and its contribution to this country's sound and growing economy has been due in large measure to the high quality of the management of our banks. We are proud of the part which the American

Bankers Association, through its educational activities—the American Institute of Banking and the Graduate School of Banking—has taken and is taking in assuring the continued excellence of bank management by the development of a reservoir of specially trained and skilled bank personnel. We are encouraged by the increasing interest in banking education as evidenced by the number of state bankers associations which have individually or jointly established schools of banking or instituted other educational and training programs. In the interest of guaranteeing the continuity of bank management best qualified to serve the nation effectively, all banks are urged to take advantage of these facilities made available to them by the American Bankers Association and their state associations.

Savings Bonds

The American Bankers Association notes with gratification that bank efforts in the promotion and sale of United States Savings Bonds are being more widely recognized and appreciated by the general public.

We commend the banks for their active leadership as “authorized issuing agents” in urging more individuals to buy and hold more Savings Bonds. This leadership has contributed to the goal of sound money and the ideal of thrift.

The American Bankers Association pledges its continued support for this important program.

Appreciation

To Everett D. Reese, our President, we extend our sincere thanks and appreciation for his splendid leadership during the year. The comprehensive work of the Association could not be carried on successfully and efficiently without the work of the Council, the various commissions, the committees, and the other officers including the members of the staff. To all of them we acknowledge our appreciation.

The help and assistance which the New Jersey bankers have rendered in making this convention an outstanding success are sincerely appreciated. To the hotels, the press, and the citizens of this city, we express our gratitude for the assistance which has been given by them during our visit in Atlantic City.

Entertainment, Too

As with all conventions, the A.B.A.'s 80th featured some lighter moments.

For all registered delegates and wives there was a Sunday afternoon reception and tea.

This was followed in the evening by a symphony concert by the Philadelphia Orchestra.

On Monday at noon there was a ladies luncheon and fashion show.

On Tuesday night, Fred Waring and his Pennsylvanians staged a most popular concert.

FRANK M. TOTTON



FRANK M. TOTTON, director of The Foundation of the Presbyterian Church in the United States, died in Miami on November 1 as a result of a heart attack. He had been there on vacation with his family, following attendance at the annual convention of the American Bankers Association in Atlantic City. Mr. Totton, who resided at 139 Rockland Avenue, Larchmont, New York, was one of the best known bankers in the country. At the time of his death, he was 64 years old. He had joined the church organization last June upon his retirement from The Chase National Bank in New York City after 31 years of service.

Mr. Totton was a native of Min-

neapolis, Minnesota, and attended the University of Minnesota and Harvard University. He was graduated from the latter in 1912 with a B.A. degree, and from La Salle College in 1915 with an LL.B. Immediately after his graduation, Mr. Totton entered banking with the Farmers Loan and Trust Company, New York (now the City Bank Farmers Trust Company). In 1920, he became assistant secretary of the Fidelity International Trust Company, New York (now the Marine Midland Trust Company). In 1923 he joined The Chase National Bank as trust officer and was appointed second vice-president in 1929 and vice-president in 1946. He was also

(CONTINUED ON PAGE 146)

Invocation at Convention Opening

FRANK TOTTON's last public act, combining his two careers—that of banker and that of Protestant lay leader—was the delivery of the invocation at the opening of the 80th annual convention of the American Bankers Association on October 19:

"Our Heavenly Father, as our first act we acknowledge Thee as the Giver of every good gift, and so we thank Thee for the gift of life, health and strength. We thank Thee for the gift of friendships of good men and true, such as those represented here today. We thank Thee for the privilege of living in this momentous time in the favored land of America. God Bless America and cause Thy face to shine upon her and be gracious unto her.

"We thank Thee for the American Bankers Association, for its ideals and leadership and for the vital role which it plays in the nation's economy and indeed in the life of the whole world. We thank Thee for the life and example of the president of the American Bankers Association, Everett D. Reese; strengthen and sustain him and his associates.

"We thank Thee for the religious faith of the founders of our Republic and for the spiritual flame which has been kept burning brightly by their sons and daughters.

"We thank Thee that the President of the United States, Dwight D. Eisenhower, sets up a worthy

example of public prayer and bears witness in his daily life to the need of Thy Divine guidance. May he have the wisdom to lead this, Thy so great a people.

"Now, Heavenly Father, we ask Thee to be in our midst during these convention days and help us to deal courageously with the problems that confront us. May we be conscious of Thy Divine plan being worked out in the affairs of men. May we as Americans give to the world less privileged not only financial and material resources, but also strong, moral and spiritual values.

"Make us worthy of our heritage and mindful of past sacrifices, of heroic generations of men and women now gone to their reward. May we envisage the glorious future there is to be through equally valiant efforts of generations yet unborn. May we as representatives of the banking profession of America grasp the opportunity and challenge of this hour and under Thy Divine guidance come to realize that we are indeed the favored people; that the lines have fallen to us in pleasant places; that this is our profession, a great profession, banking; that this is our country, the favored land of America; and that this is our destiny, a Divine destiny—world leadership.

"Forgive us our sins and keep us true to our best.

"These things we ask in Thy name, amen."

BANKING NEWS

Uniform Commercial Code Enactment Opposed by State Legislation Committee Unit

100-Page Report on Code Drawn by Subcommittee Is Available

A special subcommittee of the Committee on State Legislation of the American Bankers Association has reported that "enactment of the Uniform Commercial Code as a whole should not be recommended." During the 80th annual convention of the A.B.A. in Atlantic City, the special subcommittee made a 100-page report on the proposed Uniform Commercial Code which is intended to replace existing laws in the various states relating to negotiable instruments, collections, and other commercial transactions. The new code has been adopted in Pennsylvania and is under consideration in several other states, and has been the subject of intensive study by legal committees of bankers associations and other trade groups.

In its general conclusion, the A.B.A. special subcommittee recommended that "the greatest benefits from the scholarship and work that have gone into the code can, we believe, be best obtained by amending the existing uniform statutes to incorporate the desirable changes and new rules proposed in the code but still retaining most of the established terminology of the law.

"We have concluded that the interrelation between the various fields of commercial law represented by

'55 Association Meeting In Chicago Sept. 25-28

The 1955 convention of the American Bankers Association will be held in Chicago, Ill., September 25-28, 1955, it was announced recently by Homer J. Livingston, president of the Association. Mr. Livingston is president of The First National Bank of Chicago. The A.B.A. last met in Chicago in 1951.

At the 1955 meeting of the nation's bankers, the Chicago Clearing House Association will be host to the convention.

Various convention committees will be organized and announced to the A.B.A. membership later. Hotel applications will be sent to members early in 1955. No applications will be accepted by the hotels directly. Official reservation forms will be used, and they will be handled by the Chicago Hotel Committee after it is organized.

the various articles of the code is not such as to require inclusion of the law relating to each of these fields into one statute. In addition, it seems to us that the effort to do so will inevitably tend to destroy rather than promote uniformity in the law, because it replaces most of the established terminology of the law with new phrases and clauses, and many new concepts, thus necessitating a long period of uncertainty and (especially with the provisions of Article 1) assuring conflicting interpretation and application, and

(CONTINUED ON PAGE 96)

Fred I. Kent, A.B.A. Leader, First A.I.B. President, Dies in White Plains, New York

Director of Bankers Trust Co.; Scarsdale National Bank & Trust

Fred I. Kent, 85, for many years a vice-president of the Bankers Trust Company, New York City, and a leader in both the American Bankers Association and the American Institute of Banking, its educational section, died in White Plains Hospital, White Plains, N. Y., on October 24. At the time of his death, Mr. Kent was a director of Bankers Trust Co. and of the Scarsdale National Bank & Trust Co., Scarsdale, N. Y.

First A.I.B. President

Mr. Kent was the first national president of the American Institute of Banking, being elected to that office in 1903, and was closely associated with the Institute during its formative years. He was chairman of the Commerce and Marine Commission of the American Bankers Association for 33 years, beginning in 1921; a member of its Research Council from 1937 to 1953, and an advisory member in 1953-54; and a member of the Association's Advisory Committee on Special Activities since 1942. He was a member of the A.B.A.'s Executive Council in 1920-21 and a member of the Advisory Committee to the Export-Import Bank from 1934 to 1936.

(CONTINUED ON NEXT PAGE)

The A.B.A. Committee on State Legislation's Subcommittee on the Uniform Commercial Code as it met in Atlantic City. Left to right, Messrs. Paton, Douglas, Corlett, Hazeltine, Taylor, Alexander, and Brome





Fred I. Kent, second from right facing camera, is shown reading his report as chairman of the A.B.A. Commerce and Marine Commission at a meeting of the Commission during the recent annual convention of the Association in Atlantic City. At Mr. Kent's left is James J. Saxon, assistant general counsel of the A.B.A. On the opposite side of the table are, left to right, Orval W. Adams, executive vice-president, First National Bank, Salt Lake City (only partially shown); Henry J. Nichols, vice-president, The National Shawmut Bank of Boston; George P. Nason, president, Charlestown Savings Bank, Boston; W. W. Campbell, chairman, National Bank of Eastern Arkansas, Forrest City; and A. D. Simpson, vice-chairman, National Bank of Commerce of Houston

Fred I. Kent

(CONTINUED FROM PAGE 93)

Mr. Kent was born in Chicago, Ill., and entered banking in 1886 as a clerk at the First National Bank of Chicago. He advanced through various positions of the bank and was named manager of the Foreign Exchange Department in 1905. He joined the Bankers Trust Co. of New York in 1908 and became vice-president in 1909—the position which he held until his retirement in 1928. He organized the Paris office of that institution in 1919.

The board of directors of the Scarsdale National Bank and Trust Co., passed this resolution eulogizing Mr. Kent:

"Fred I. Kent lived a life of attainment. His mind functioned with a precision well recognized as phenomenal. His mentality was modulated by a sensibility of the rights and feeling of others. His personality was appealing, because he had high respect for others. He was an agreeable companion, and valuable to the many interests which he was called upon to serve.

"In profound sorrow, his associates on the board of directors of the Scarsdale National Bank and Trust Co. record this evidence of their loss of a fellow-member who had faithfully served throughout a period of 28 years as one of their number, and now

"RESOLVE, That this tribute to the memory of Fred Kent be transmitted to the sister, the son, and the representatives of his family who inherit a proud and honorable name."

Besides his activities in banking, Mr. Kent was well known for his contribution to the war effort in World War I. During the war, he served as Deputy Governor of the Federal Reserve Bank of New York and director of its Foreign Exchange Department. The knowledge of economic conditions in Europe which he acquired during the war put him much in demand after the Armistice. In the immediate post-World War I period, he was a member of the American Delegation on the Organization Committee of the Reparations Committee and later a member of its Finance Committee. He was also chairman of the Economic Restoration Committee of the International Chamber of Commerce, where he made important contributions to the foundation for the Dawes Plan.

Mr. Kent served as adviser to the finance ministers as well as the foreign ministers of many countries. He was closely associated with the Chamber of Commerce of the United States, the National Association of Manufacturers, the American Arbitration Association, and the Commerce and Industry Association of New York. In addition, he was a

New Course in "Economics of Banking and Business" Instituted by the G.S.B.

Will Devote 40½ Hours to New Course in 3 Resident Sessions

A new course will be instituted at The Graduate School of Banking next June, *Economics of Banking and Business*. It is being established after several years of study. The faculty had already given its approval, and now the course administrators have given the final O.K.

The course will be for all classes. In such a move there is the problem of inadequate background, which will be particularly acute for this year's seniors. The entire first session for seniors in June will, therefore, deal with subject matter which future seniors will have covered in their freshman and junior years.

Economics of Banking and Business will be allotted a total of 40½ hours for the three resident sessions at Rutgers University. This includes two economics forums. Freshmen will utilize 16½ hours; juniors, 12 hours; and seniors, 12 hours.

Briefly, the ground to be covered includes: Description of our financial system; how our reserve banking system operates; money market and interest rates; mechanics of treasury operations; gross national product and its components; the business cycle; analyzing business conditions; Federal Reserve policy; debt management; underlying trends in the U. S. economy; Federal Reserve mechanics and policies; current developments and problems of Federal Reserve policy; current developments and problems of fiscal policy and debt management; and the schedule allows also for a series of group meetings for questions and open discussion.

member of the executive committee and councilor of the National Industrial Conference Board; president of the Council of New York University; a director of the National Foreign Trade Council; and a member of the Business Advisory Council of the U. S. Department of Commerce.

Mr. Kent held the highest decorations of Italy and Belgium and had been made an Officer of the Legion of Honor.

R. C. Boggs, Miami Banker, Is Named General Chairman of A.I.B. 1955 Convention

4 Miamians Will Serve as Vice-Chairmen; Other Chairmanships

The chairmen of the committees for the 53rd annual convention of the American Institute of Banking, to be held in Miami, Fla., May 30-June 3, 1955, were announced recently by Alvin E. Roemershauser, president of the A.I.B. Mr. Roemershauser is assistant vice-president of the Whitney National Bank of New Orleans, La.

Richard C. Boggs, executive vice-president, Little River Bank and Trust Co., Miami, will be general chairman for the convention; and the general vice-chairmen will be James G. Leybourne, president, The Coral Gables First National Bank; Arthur A. McCormack, assistant vice-president, The First National Bank of Miami; W. Ingram Philips, vice-president and cashier, Florida National Bank and Trust Co. at Miami; T. F. Dunlap, president, Riverside Bank, Miami; and Frank Smathers, Jr., vice-president and trust officer, Miami Beach First National Bank.

Leonard A. Usina, People's National Bank of Miami Shores, Miami Shores, will be treasurer and chairman of the Finance Committee for the convention.

Other Local Chairmen

The chairmen of the other local convention committees are: **DEBATE:** Ray F. Basten, The First National Bank of Miami; **ENTERTAINMENT:** O. Eugene Roush, The First National Bank of Miami; **HALLS & MEETING PLACES:** M. B. Farmer, Central Bank and Trust Co., Miami; **HOSPITALITY (Co-CHAIRMEN):** E. A. Gerard, Pan-American Bank of Miami, and Agnes B. Barber, People's National Bank of Miami Shores; **HOTELS:** John Gier, Central Bank and Trust Co., Miami; **INFORMATION:** W. E. Boyd, Pan-American Bank of Miami; **PERSONNEL:** M. J. Franco, Industrial National Bank of Miami; **PUBLIC SPEAKING:** Eitel E. Stockwell, Miami Beach First National Bank; **PUBLICITY:** Ike N. Parish, Mercantile National Bank of Miami Beach; **REGISTRATION:** Ernest J. C. Doll, Florida National Bank and Trust Co. at Miami; **TRANSPORTA-**

Joseph H. Wolfe Is Named Deputy Manager of A.B.A. Secretary, Trust Division

Dr. Adams, Dr. Lee, Hartwell Davis, Ruth E. Leslie Are Promoted

Joseph H. Wolfe, assistant secretary of the A.B.A. Trust Division, has been named a deputy manager of the American Bankers Association and secretary of the Trust Division, according to Merle E. Selecman, executive manager of the Association. Mr. Selecman announced staff changes approved by the Administrative Committee at its meeting held in connection with the 80th annual A.B.A. convention.

Mr. Wolfe joined the American Bankers Association a year ago after three years as executive secretary of the North Carolina Bankers



Joseph H. Wolfe



E. S. Adams



Ruth E. Leslie



Hartwell Davis

Association. Prior to that he taught law at Washington and Lee University Law School.

(CONTINUED ON NEXT PAGE)

A.B.A. Offers Over 260 Adaptable Newspaper Ads Each Year; New 1955 Lobby Display Posters and Direct Mail Pieces

A folder describing the advantages of the "Proofs-in-Advance" newspaper advertising plan offered by the Advertising Department of the American Bankers Association has been sent to member banks. Subscribers to the P.I.A. plan receive more than 260 sample proofs each year from which to select the ads.

The flexibility of the P.I.A. ads is one of their attractive features; a feature which makes them easily adaptable for use by banks, whether they write their own copy or employ an advertising agency.

The ads may be used in their original form simply by having the newspaper include the bank's name at the bottom of each; they may be used in a larger size by having the newspaper use more white space around the illustration and copy; they may be used in space-units of an entirely different shape; they can be revised or rewritten to include specific facts about a bank's own rates, terms, etc., and the type can be reset and used with the illustration and headline furnished with the

mat; the illustrations can be used to attract attention to the bank's own copy ideas or those of its advertising agency; or the bank can combine the Association's illustrations with special borders or other illustrative material of its own. The new folder illustrates how some of these changes may be made.

The low cost of the A.B.A. Proofs-in-Advance plan makes it possible even for banks with modest advertising budgets to have this year-around program of advertising.

A broadside describing five sets of 1955 window and lobby display colored posters, poster frames, and lamps has also been mailed to members. The posters are 21½" x 31½" and come in the following packaged sets: Four sets of 12 posters each on commercial banking, savings, trust service, and bank credit, and one set of six credit posters.

Smartly designed direct mail folders recently issued or reissued by the Department include the following: "If You Are Planning to Buy or Build;" "4 Ways to Move to the Head of the Line;" "Smart Car Buyers Are Headed One Way;" "Tops in Satisfaction—a Bank Auto Loan;" "Time for a word of appreciation;" and "We ring in the new with our thanks to you."

Uniform Commercial Code

(CONTINUED FROM PAGE 93)

also because various nonuniform amendments in various states seem inevitable."

The subcommittee has a limited number of copies of the report for distribution to state association secretaries, state legislative committees and counsel members, and others who may be making a study of the code. Copies may be obtained either through the A.B.A. Committee on State Legislation or through state bankers associations.

Members of the special subcommittee include: George F. Taylor, director, Commonwealth Trust Co., Pittsburgh, *chairman*; John A. Alexander, counsel, Indiana Bankers Association, Indianapolis; Robert H. Brome, resident counsel, Bankers Trust Co., New York; Ben C. Corlett, vice-president, American Trust Co., San Francisco; R. S. Douglas, counsel, The Cleveland Trust Co.; Sherman Hazeltine, chairman, A.B.A. Committee on State Legislation, and president, The Bank of Arizona, Prescott; Edward Landels, legislative counsel, California Bankers Association, San Francisco; Thomas B. Paton, assistant general counsel, American Bankers Association, New York, secretary; and John René Vincens, New York, assistant secretary.

A man may be worth a million dollars and still be worthless.



★
Murray G. Lee
★

Bank Burglary and Hold-Up Robbery Comparisons

The Insurance and Protective Committee of the American Bankers Association reports that for the 10th consecutive year banks saw an increase in crimes of violence. It released this 11-year comparison of burglaries and hold-up robberies:

	Year Ended 8/31/44	Year Ended 8/31/54
No. Burglaries	14	76
Total Losses	\$2,641	\$50,309
No. Holdups	33	199
Total Losses	58,454	1,226,649
Total Attacks	47	275
Total Losses	\$61,095	\$1,276,958

The Committee also gave this break-down of bank burglaries and robberies during the past two fiscal years:

	Year Ended 8/31/53	Year Ended 8/31/54
Burglaries	47	36
Attempted Burglaries	25	31
Holdups	137	152
Frustrated		

Staff Promotions

(CONTINUED FROM PAGE 95)

Other changes announced by Mr. Seelman were:

Dr. E. Sherman Adams, deputy manager in charge of the Department of Monetary Policy, was given the additional title of deputy manager in charge of the Economic Policy Commission.

Dr. Murray G. Lee was named secretary of the Economic Policy Commission. He was formerly secretary of the Research Council.

Hartwell Davis, assistant editor of the *A.I.B. Bulletin*, was named associate editor. Mr. Davis is assistant secretary of the American Institute of Banking, educational section of the American Bankers Association.

Ruth E. Leslie of the executive manager's office was named an assistant secretary of the A.B.A.

Holdups	51	47
Night Depository Burglaries	2	—
Attempted Night Depository Burglaries	5	1
Night Depository Thefts	—	5
Attempted Night Depository Thefts	2	3
Totals	269	275
Loss	\$1,284,657	\$1,276,958

News for Instalment Credit Men

Items and Comment from Our Instalment Credit Commission and Other Sources

"Operation Snowflake" Is Big White Goods Promotion

"OPERATION SNOWFLAKE" might well be productive of a number of instalment loans for alert instalment credit bankers.

"Operation Snowflake" is a nationwide white goods Christmas promotional advertising campaign, initiated by United States Steel Corporation, built around a snowflake and the slogan "make this a

White Christmas . . . give her a major appliance."

It is a concerted promotional effort planned to assist manufacturers and utilities during the Christmas season by promoting the sale of white enamel home appliances as gifts.

U. S. Steel kicked off the promotion in its television shows of Nov. 16, 23, and 30, which reach nearly 20,000,000 viewers. The Nov. 27 *Saturday Evening Post* carries a 2-page, 4-color advertisement featur-

ing the snowflake theme and the White Christmas slogan. Ads have appeared also in trade magazines, and 100,000 display kits went to U. S. Steel customers manufacturing major appliances for distribution to local retailers and utility companies. Publicity has been pushed in the trade press, women's and gift sections of the newspapers, and home service radio and television shows. U. S. Steel will also furnish free films of two 1-minute open-end commercials plugging the theme.

Saturday Evening Post has produced mats for a 12-page major appliance Christmas supplement for newspaper use and is promoting the participation of all other groups that will benefit by joining "Operation Snowflake."

Develops Mechanized System to Process Instalment Loans

A COMPLETELY mechanized system for the processing and administration of instalment loans, from the time a loan goes on the books until it is paid and the note is returned by mail, has been announced by methods engineers at Bankers Trust Co., New York.

The system has been in pilot operation since Feb. 1. It has served, the bank says, "to prove that economies never before possible can be effected by the use of this system." The bank has been carrying approximately 50% of its new loans in the test program, and is extending the system to all new accounts. By January of next year, it will have the plan installed for its entire instalment loan operation.

Bankers Trust Co. is making its system studies available to the entire banking and financial industry, and is now preparing a technical manual covering the installation. It will be available on request.

The system is operated with standard electronic accounting equipment now used in many other bank operations. One of the features is the creation of a historical loan payment ledger record, on which four accounts can be posted simultaneously by a facsimile process. Four accounts of similar maturity share an identifying number, differing only by a single code digit.

Under the new system, trial balances, ordinarily made at a time when all other work has ceased, can now be taken for as many as 100,000 accounts in less than three hours. While machine accounting goes forward on a daily basis, posting to the ledger sheet may be done on a delayed basis because it is not the master control for the system.

In practice, all required data is gleaned from the customer's approved application form. It follows a simple, mechanical route thereafter. First, a key punch operator



Bankers Trust's Instalment Loan Clerk Julia O'Connor points to new 4-way ledger sheet, as she stands behind the outmoded trays used in the conventional system. By January 1, all Bankers Trust accounts will be posted to the new sheets. About 50,000 accounts are now being handled in the new way

cuts business machine cards for the name and address of the new borrower. A second card, called the detail card, is created to provide in punched form all data covering type of loan, size, length to maturity, discount, application and loan number, and a code putting the loan into one of six standard monthly "due date" categories.

These two cards provide all the information needed to carry on with the establishment of ledger cards, coupon books, payment records, delinquent notices, collection lists, and all other supplementary information. From these records, loans can be listed quickly according to dealer, branch office, type, due date, and in many other ways. Unearned discount may be calculated without delay and trial balances taken at any time without interrupting the work flow.

The borrower receives from the bank a specially designed coupon book, prepunched with the necessary information about his loan, and a supply of reply envelopes. Each coupon, when returned with the remittance, is used in the machine to create his payment record and to create a new balance card. Odd payments are "mark sensed" with the amount received, and are thereafter electronically interpreted.

Offers "Audi-Trust"

The Marine Trust Company of Western New York, Buffalo, has developed the "Audi-Trust Plan" for appliance financing by banks and is making it available to manufacturers, distributors, and dealers.

The Audi-Trust Plan was developed to: (a) Help manufacturers speed the distribution of their products to distributors as well as facilitate the collection of their outstandings; (b) help distributors get more of their product in the hands of their dealers, and still keep their receivables at a minimum; (c) help dealers provide their consumer customers with greater retail financing service; and (d) help banks service their customers with added protection at a lesser cost of operation and consequently greater profit.

The backbone of the plan is a manufacturer's repurchase agreement secondary to distributor and dealer agreements, supplemented by forms of insurance protecting the manufacturer, and provision for checking service in the case of dealer floor planning.

In her hope for recognition by the West, Red China does not wish to be recognized for what she is.

News on Savings

Items and Comment from Our Savings and Mortgage Division and Other Sources

March Savings and Mortgage Conference in New York

APPROXIMATELY 1,000 bank executives engaged in the savings and mortgage phase of the banking business will meet at the Statler Hotel in New York City, March 7-9, 1955, at the annual Saving and Mortgage Conference of the American Bankers Association. Work is already being done on the program for the three days, the dates of which were announced recently by Joseph R. Jones, president of the A.B.A. Savings and Mortgage Division, and vice-president of the Security-First National Bank of Los Angeles.

Conference sessions on each of the three days will be devoted to special fields of savings and mortgage banking, according to Mr. Jones. On Monday afternoon and evening, March 7, will be the National School Savings Forum which will bring together bankers and educators interested in thrift education in schools. The forum will be featured by a program on which both bankers and educators will be heard, the usual dinner meeting, and displays of school savings material.

On Tuesday, conference sessions will be devoted to the problems of savings banking; and on Wednesday, the sessions will cover bank mortgage lending problems and the outlook for mortgage credit.

The program for the three days is being planned by a committee of commercial and mutual savings bankers to cover administration and operational problems of current importance to banks which engage in the savings and mortgage business.

PBA's Savings Campaign

"TAKE TIME TO SAVE" is the slogan being used by the Pennsylvania Bankers Association to keynote a three-way savings promotion campaign. This slogan and three characterization drawings are being used on posters for lobby display, a di-



rect mail folder, and newspaper advertisements.

The poster, which is illustrated above, carries this message: "Take time to save! We're here to make it easy and profitable for you. Take a minute to add to your savings account—it's for your whole future!"

Savings account totals in Pennsylvania banks rose 18% in the last six years. Keystone State savings deposits make up 45% of the total bank deposits.

The emphasis placed on thrift by the Pennsylvania bankers conforms to the trend revealed in a survey made by the American Bankers Association (March 1954 BANKING, p. 56), when, for the third consecutive year, more banks listed "selling savings and thrift" as the job requiring top attention.

Christmas Club Payoff

CHRISTMAS CLUB checks totaling \$1.08-billion were sent to 12,200,000 people last month. The 6,500 financial institutions that will disburse this Christmas bonanza look forward to a substantial part of those funds being turned back into permanent savings accounts.

Some of the \$1.08-billion will go right back into savings, but all of

it will boost the nation's economy. Surveys made by the Christmas Club Corporation, indicate that it will be used as follows: Christmas purchases, \$410,400,000; permanent savings, \$313,200,000; year end bills, \$108,000,000; insurance premiums, \$86,400,000; taxes, \$86,400,000; miscellaneous, \$32,400,000; mortgage payments, \$21,600,000; education, \$21,600,000; an over-all total of \$1,080,000,000

Edward F. Dorset, president of Christmas Club a Corporation, announced that the 1954 payoff is the largest in the history of the club and represents an increase over 1953 of \$47,000,000 (4.5%) with 460,000 more members. The average check this year amounts to \$88.52 for each member.

The state distribution of the Christmas Club savings ranged from \$225,038,347 in New York to \$842 in a western state. Other states with Christmas savings of \$21,000,000 or more were: Pennsylvania, with \$165,136,749; New Jersey, \$122,747,606; California, \$85,742,923; Massachusetts, \$62,370,454; Illinois, \$49,140,820; Ohio, \$47,385,378; Connecticut, \$38,593,105; Michigan, \$29,927,081; Virginia, \$25,302,845; Indiana, \$25,229,639; Wisconsin, \$23,502,294; and Maryland, \$21,308,626.

10-Year Savings Increase

THE accumulation of savings in banks throughout the country continues to be a major factor in our economy at the present time, said John W. Kress, outgoing president of the A.B.A. Savings and Mortgage Division, before the annual meeting of the Division in Atlantic City, N. J.

"In the past 15 years," said Mr. Kress, "when we experienced a World War and the postwar readjustment, savings deposits in all banks increased \$45.2-billion. As a matter of fact, the increase in savings during the 10-year period following the war is approximately equal to the total savings in banks at the end of 150 years of banking

history before World War II. Total savings in all banks today approximate \$71-billion; but to this must be added other important sources of savings accumulation, U. S. Government Bonds, savings and loan association shares, and life insurance company reserves. The total combined savings of all of these sources at June 30 were approximately \$223-billion. . . .

"We must ever be mindful of the purpose for which we were chartered—to accept deposits and to provide other services to the community, the state, and the nation. I can never understand a bank's decision to restrict deposits, to limit withdrawals, nor the attitude of making it difficult for the public to do business. Therefore, I am not surprised when other competing institutions flourish in the bank's immediate area, nor am I too sympathetic with its complaint of unfair competition. . . .

"Attracting and accepting savings deposits, mechanizing one's banks, and serving the community properly apply equally to the investment of these monies. . . .

"We are talking of an increase of \$20-billion of all savings in 1954. It is expected that \$6-billion of this \$20-billion will be invested in first mortgage loans on improved real

estate, an increase of 7% over the amount invested last year."

"The School Bank"

THE second edition of *The School Bank*, published periodically by the Committee on School Savings Banking of the A.B.A. Savings and Mortgage Division, is off the press. It is designed to give banks conducting school savings activities up-to-the-minute information on the developments in the school banking field.

Copies of this four-page folder are sent to banks active in school banking and those known to be contemplating this service.

50% of New York Students Have Mutual School Savings

"SAVINGS banks in New York State consider school savings as vital to thrift education and basic to the success of the American economy," Bryant Glenny, chairman of the Committee on School Savings and president of the Buffalo Savings Bank, told members at the 61st annual meeting of the Savings Banks Association of New York State. "At present, 50% of our 2,200,000 students have school savings accounts in savings banks. We are teaching

youth the habit of thrift, teaching them to save at a savings bank, and we are helping to make better future citizens of the community. This school savings program is not an experiment: it is a fact.

"It is the purpose of our committee to eliminate whatever weak spots may exist. In some cases there are questions of the expense to the bank; in others, of the additional work imposed on teachers. We expect to correct these problems because there is no better place to teach thrift than in our schools," Mr. Glenny stated.

Nevada Bank's School Plan

THE school savings program this year of the First National Bank of Nevada, Reno, has exceeded all expectations with almost 3,000 additional school children in the state of Nevada opening accounts at the beginning of the school year.

This plan was introduced by First National on a statewide basis in 1949 in an effort to cooperate with the school system to teach thrift to the students. To date throughout the state there are 16,415 school children with bank accounts totaling \$419,000.

Regularity of savings, and not the amount of a deposit is stressed.

News for Mortgage Credit Men

Items and Comment from Our Savings and Mortgage Division and Other Sources

New Housing Starts

IF the present rate of new permanent nonfarm housing starts continues through the end of the year, 1954 will be the second highest home building year in the nation's history. Starts during October totaled 106,000, including 200 public units. This compares with 114,000 starts in September.

The seasonally adjusted annual rate for private starts at the end of October was 1,233,000, compared with a seasonally adjusted annual rate of 1,050,000 for the first 10 months of 1953. The total units constructed in 1953 was 1,103,800.

Unofficial start forecasts for 1955 indicate that the housing boom will

continue, with a 1,100,000 minimum and a 1,500,000 maximum.

The strength of housebuilding may be attributed in large degree, according to the USDL, to the liberalized mortgage loan provisions of the Housing Act of 1954 and to the steady availability of mortgage money on easy terms in most communities.

Bank VHMCP Aid Study

A SURVEY is being made of all commercial banks by the A.B.A.'s Savings and Mortgage Division to determine their willingness to participate in the Voluntary Home Mortgage Credit Program authorized by the Housing Act of 1954. It was ex-

plained in the questionnaire that "willingness to cooperate does not entail any obligation to make any loans under this program which do not meet with the bank's underwriting standards."

Banks were asked to give "yes" or "no" answers to two questions about their interest in acquiring for their own portfolios through origination or purchase of FHA and VA home loans and the origination and servicing of such loans for others. They were also asked to list the names of specific areas (states, counties, or parts of counties, cities, and towns) from which they are now or are willing to acquire FHA-insured or VA-guaranteed home loans for their own portfolios or

would originate or service such loans for others.

The results of this study will be compiled and referred by the A.B.A. to the national and regional committees of the VHMCP.

The National Association of Mutual Savings Banks has made a similar study of the 529 mutual savings banks.

Speaking on the Voluntary Home Mortgage Credit Program at the convention of the Mortgage Bankers Association, Neal J. Hardy, then assistant administrator of HHFA, said "it will be up to the mortgage bankers who are on the firing line to stand ready to provide the necessary origination and servicing which will satisfy the investment institutions so that they will be willing to enter new areas in which to make FHA-insured and VA-guaranteed loans."

Continuing, Mr. Hardy said that "if each one of you can fulfill this function in the small and remote localities in your region, through an expansion of your operating radius, if necessary, and through increased attention to the provision of home financing for housing to be available to minorities, the program will work to the mutual benefit of all concerned."

In this month's report from Washington (starting on page 34) there is additional timely information on the new Federal National Mortgage Association and on the new National Voluntary Home Mortgage Credit Program.

Mortgage Money Availability

FUNDS for home loans continue to be plentiful generally throughout the country—and at reasonable interest rates—but many small communities still do not enjoy this situation, according to a survey by the National Association of Real Estate Boards.

This survey, the Board's third quarterly study of nationwide mortgage conditions, reported money for loans guaranteed by the VA and insured by the FHA "tight" in one out of every five cities of less than 25,000. In cities of 25,000 to 50,000, VA-guaranteed loans were tight in 16% and FHA-insured loans were tight in 10%.

In cities of 50,000 and larger, loan

money was found either ample or in moderate supply for FHA-insured and VA-guaranteed loans.

Construction Still High

CONSTRUCTION activity in October showed the slight decline that is usual in the fall, but the \$3.5-billion total for new work put in place set a record for the month, according to preliminary estimates prepared jointly by the U. S. Departments of Commerce and Labor. October volume this year was 3% under the September figure, and exceeded October 1953 by 8%.

Most major construction categories continued strong for the time of year.

On a seasonally adjusted basis, construction activity in 1954 has risen almost steadily from January to October at a rate which indicates that spending on new construction will total \$37-billion by the year's end. This compares with actual outlays of \$35¼-billion in 1953, the previous most active construction year.

Open End Mortgage Signals

"THE use of the 'open end' mortgage has long been a controversial subject and we are not certain that permission to insert such a clause in FHA loans as provided by the Housing Act of 1954 will meet with the unanimous approval of the legal profession, nor that individual state laws are not still restrictive," John W. Kress, outgoing president of the A.B.A. Saving and Mortgage Division, told the Division's annual meeting in Atlantic City. Mr. Kress is executive vice-president of The Howard Savings Institution, Newark, N. J.

Continuing his discussion of the merits of the "open end" mortgage, Mr. Kress stated:

"There does seem to be an increasing interest on the part of lenders, especially since VA loans are also eligible for 'open end' clauses; and if we do not provide this service for borrowers, they will go to some one who will.

"The new FHA regulations restrict the readvance to loans which are made for the purpose of repairs and improvements to the property and make it more useful and livable. When confined to this purpose and made on economically sound terms

to persons of recognized credit responsibility, there are unquestionably advantages to both the borrower and to the lender."

Mr. Kress pointed out that for those who recognize the value of "this modern concept of mortgage lending" there are a few principles which should bear watching. These principles are:

"(1) It would seem advisable to put the borrower on notice that a readvance is not necessarily automatic. The request for a readvance should be reviewed by the lender in the light of conditions existing at the time of need. In all the publicity which has accompanied the use of the clause by its strongest advocates, the public may easily have been misled as to the ready availability of this type of credit.

"(2) The fact that a loan may be insured or guaranteed does not lessen the desirability of examining the loan as to its soundness. Careful study of each request as to the value of the repair or improvement and the ability of the borrower to carry the added burden is important.

"(3) A 'run-down' of title from the date of the original mortgage is a minimum safety precaution and should be made only with the approval of counsel. I know of no other way than this to be assured of continued prior lien status of a readvance under the 'open end' clause.

"(4) I would personally hesitate to make a readvance which would make the total loan exceed the original mortgage, even though a readvance to exceed the original amount is permitted under FHA regulations when the improvement is for additional enclosed space as a part of the dwelling.

"(5) Be sure that readvances under an 'open end' contract are legal in your state. In most states, special legislation probably is advisable, in order to be certain that prior lien status of the loan continues. In New Jersey, for instance, statutes have been enacted relating to 'open end' mortgage loans for mutual savings banks and savings and loan associations but not as to commercial banks."

Mr. Kress concluded his remarks on the "open end" mortgage by stating that it "is an attractive concept from many points of view when the proper safeguards are taken."

FHA to Use Fee Appraisers

IN a move to break the sizable backlog of applications for mortgage insurance, the FHA has authorized the use of fee appraisers. To expedite the selection at the local level, FHA field offices will use appraisers already approved for VA appraisal work. FHA may supplement the VA list with appraisers of recognized capabilities in localities where there is a need for their services.

News for Trustmen

Items and Comment from Our Trust Division and Other Sources

Midcontinent Trust Conference Speakers and Some Comments

THE 23rd Midcontinent Trust Conference of the American Bankers Association in Chicago was the largest ever held in the midwestern area, with 635 attending. The conference was sponsored by the Association's Trust Division with the Corporate Fiduciaries Association of Chicago acting as host. Featured on the program was a panel discussion on investments and a luncheon meeting which was addressed by John S. Knight, editor and publisher of the *Chicago Daily News*.

Among the speakers who discussed the nation's economic and business prospects and their effect on the trust field were George C. Barclay, president of the Trust Division and vice-president, City Bank Farmers Trust Co., New York; Homer J. Livingston, president of the American Bankers Association, and president, The First National Bank of Chicago; W. H. Gove, vice-president, EMC Recordings Corp., St. Paul; R. Emmett Hanley, president, Corporate Fiduciaries Association of Chicago, and vice-president, City National Bank and Trust Co., Chicago; Roy M. Huff, vice-president and trust officer, National Bank of Tulsa; L. L. Matthews, immediate past president, Financial Public Relations Association, and president, American Trust Co., South Bend; Arthur B. Pfeleiderer, vice-president, Detroit

Trust Co.; Roland K. Smith, immediate past chairman of the Committee on Taxation, Chicago Bar Association; James J. Saxon, assistant general counsel, American Bankers Association, Washington, D. C.; and Dr. J. E. McCarthy, College of Commerce, Notre Dame University.

Taking part in the panel on investments were Albert Y. Bingham, vice-president, Chicago Title and Trust Co., who acted as leader; M. Dutton Morehouse, president, National Federation of Financial Analysts Societies, and manager, Brown Brothers, Harriman & Co., Chicago; William R. Bierdeman, investment officer, The First National Bank of Fort Worth; Charles W. Eliason, Jr., vice-president, Commercial National Bank of Peoria; and Gilbert H. Palmer, vice-president, The National City Bank of Cleveland.

President Barclay Speaks on Common Trust Funds

"The common trust fund idea has firmly taken hold in all portions of this country, but it is disappointing that such funds have been established primarily by the larger banks," said Mr. Barclay in a discussion of common trust funds.

In telling of the plan evolved in New York State, Mr. Barclay said, in part:

"Feeling that the idea of the joint

investment of trust funds is sound and, if unavailable for small banks through the common trust fund, ought nevertheless to be made available to them in some other manner, a special committee of our New York State Trust Division was set up a couple of years ago. This committee evolved the idea of a bankers' mutual investment fund; and after extended consultations with our Banking Department and Surrogates Association, a bill was drafted which was enacted by the 1954 legislature and signed by Governor Dewey, authorizing such a fund.

"Fundamentally, the mechanism consists of an open-end mutual investment trust so designed as to enjoy the tax advantages available under the Investment Company Act of 1940. Only banks having trust departments in New York State and not already maintaining common trust funds may participate their trusts in the fund. There was originally some talk of making the fund available to individual trustees who were custodian customers of the banks; but that idea was voted down, at least for the present. The mechanics of operating the fund will be exactly the same as those required to operate a common trust fund; but the practical difference is that the fund will be taxable by the Federal Government as a regulated investment company, which means,

The Midcontinent Trust Conference is called to order by A.B.A. Executive Manager Merle E. Seleeman, standing. Other first session speakers, left to right, W. H. Gove, Homer J. Livingston, George C. Barclay, R. Emmett Hanley; and Joseph H. Wolfe, deputy manager, American Bankers Association, and secretary of the Trust Division



if capital gains are realized, either that the fund will have to pay a capital gains tax, or more likely, that the fund will pay out capital gains dividends to participants.

"The mutual fund is to be managed by a board of directors of nine trustees, with representation from each of our eight bankers association groups."

President Livingston's Comments on Trust Services

The trust services of this nation today reflect in a striking and unusual manner the significant struggle in which the economic and political forces of the world are engaged; for trust services find their greatest development possible only in a nation where free, private enterprise flourishes as it does in the United States, said President Livingston in a review of "Trust Services and the American Economy."

"A thoughtful and objective analysis of the economic growth of the country clearly indicates that we are only at the beginning of the important role which trust services are to take in the future," Mr. Livingston stated.

"A review of the growth of trust services should include the rapid development of pension and profit-sharing trusts. Prior to World War II, there were approximately 1,500 pension plans in the United States covering about 700,000 workers. Today, it is estimated that there are over 20,000 plans covering some 12,000,000 employees. Pension fund assets have increased during this period from \$750,000,000 to over \$17-billion. The annual inflow of new money is estimated to exceed \$2-billion.

"Among the responsibilities you assume in handling these funds is the obligation wisely to conserve the savings of millions of American workers through sound investment policies and to reduce the ultimate cost of the funds as much as possible consistent with safety.

"The possible growth of pension trusts in the years ahead is illustrated by recently projected estimates for 1960. The total estimated working force in the United States for 1960 is 68,500,000 persons, with pension coverage for 22,000,000 workers—nearly twice the number covered today.

"The management and supervision

of the vast properties and funds of which you are the stewards place upon you social and economic responsibilities of unusual magnitude. In addition, you are the financial intermediaries for millions of savers and for those who use the funds. You determine the industrial and business channels into which a large volume of investment funds flows. By strict and wise investment decisions, you make it imperative for businesses to operate efficiently before they can expect you to direct funds into their enterprises. That is a constructive discipline in an economy.

"Over and above these functions in a free society where men may acquire, manage, and dispose of property, you perform a still higher service. By discharging intelligently your great responsibilities, you play a vital role in helping an economy of free enterprise and private property to exist and to function effectively."

Getting Along With People—Mr. Matthews

People are the basis of any public relations program, said Mr. Matthews.

"Fortunately," he said, "you cannot decide that you just don't have the time for public relations. They are an intrinsic part of your business as soon as you hire your first employee or wait upon your first customer. The only question is how extensive and, more importantly, how effective your program will be.

"When you decide you can't afford public relations," he continued, "that's bad public relations to begin with; and somehow, sometime, steps will have to be taken to correct this error of omission. To hundreds or even thousands of people, your bank is judged favorably or otherwise on the little things. It's the gracious and never failing 'hello' and 'thank you' among staff people and between staff and customers. It is the opening of the door for another to pass. It is never the 'looking-down-the-nose' attitude at any one—customer or associate.

"Your public relations policy, or program, or atmosphere pops up in the tone of a letter, a folder, an announcement, an advertisement. It shows itself in the loyalty and interest of your employees. It demonstrates its effectiveness in the

friendly, steadily growing list of depositors who use your bank at every opportunity—and who don't hesitate to urge their friends to do the same. . . .

"It is often said that 'public relations is simply getting along with people.' But by its very simplicity, it is not an easy job—you can't learn it overnight, and you can't reap the benefits immediately. Yet the bank is ahead whose public relations are properly handled; whose operations and public relations are coordinated; whose business, in short, benefits from the teamwork of people."

Problems of Smaller Trust Departments—Mr. Huff

Mr. Huff believes very emphatically that the head of a trust department
(CONTINUED ON PAGE 134)

Influence of Technological Advances Conference Theme

THE influences of technological advancements on the long range future of the trust business and the day-to-day economic changes which are occurring on both the domestic and international scenes will be discussed at the 36th Mid-Winter Trust Conference of the American Bankers Association to be held Feb. 7-9, 1955, at The Waldorf-Astoria in New York.

Dates for the conference, which will be sponsored by the A.B.A. Trust Division, were announced by George C. Barclay, president of the Division, who is vice-president of the City Bank Farmers Trust Co. of New York City.

The Mid-Winter Trust Conference has come to be regarded as a meeting of national importance in the trust field, as it provides an annual clearing house of information for trustees who come from all sections of the country. As such, it is devoted primarily to discussions of internal trust operations and administration and management problems against a background of world affairs.

A feature of the conference will be the annual luncheon on Wednesday, Feb. 9, at which delegates will be guests of the New York Clearing House.

CALENDAR

American Bankers Association

Nov. 29- Dec. 1	Third National Agricultural Credit Conference, Hotel Peabody, Memphis, Tenn.
Dec. 6-7	Southern Secretaries Conference, Hollywood Beach Hotel, Hollywood, Florida
Dec. 10-11	Western Secretaries Conference, Fairmont Hotel, San Francisco
Dec. 16-17	National Credit Conference, LaSalle Hotel, Chicago, Ill.
1955 Feb. 7-9	Mid-Winter Trust Conference, Waldorf-Astoria, New York City
Mar. 7	National School Savings Forum, Statler Hotel, New York City
Mar. 8-9	Savings and Mortgage Conference, Statler Hotel, New York City
Mar. 11	Graduate School of Banking, Spring Faculty Conference, Columbia University Club, New York City
Mar. 16-18	Monetary Conference, Arden House, Harriman, New York
Mar. 21-23	Instalment Credit Conference, Jefferson Hotel, St. Louis
Mar. 24-25	Agricultural Commission Annual Meeting, Lafayette Hotel, Lexington, Ky.
May 30- June 3	American Institute of Banking Convention, Miami, Florida
June 13-25	Graduate School of Banking, Rutgers University, New Brunswick, N. J.
Sept. 25-28	81st Annual Convention, Chicago, Ill.

State Associations

Dec. 9-10	Pennsylvania Bankers Association Trust School, Penn-Harris Hotel, Harrisburg
1955 Jan. 17-18	Wisconsin, Midwinter Conference, Schroeder Hotel, Milwaukee
Jan. 18-19	Arkansas, Agriculture Credit Conference, Little Rock
Jan. 24	New York, State Midwinter Meeting, Hotel Commodore, New York City
Jan. 20-31	Louisiana, Midwinter Conference, Louisiana State University, Baton Rouge
Feb. 2-3	New Jersey, Graduate Bankers Seminar, Princeton University
Feb. 2-3	Pennsylvania, Bank Operations Clinic, Philadelphia
Feb. 12	West Virginia, Midwinter Conference, Clarksburg
Feb. 17	Illinois, Midwinter Conference, Palmer House, Chicago
Feb. 17	Vermont, Midwinter Meeting, Burlington
Feb. 22	Ohio, Midwinter Meeting, Neil House, Columbus
Mar. 24-26	Florida, Boca Raton Hotel, Boca Raton
Apr. 5-7	New Jersey, Public Relations School, Princeton University
Apr. 12-14	Georgia, Bon Air Hotel, Augusta
Apr. 21-23	Alaska, Elks Club, Ketchikan
Apr. 24-26	Louisiana, Buena Vista Hotel, Biloxi, Miss.
May 4-6	New Jersey, Chalfonte-Haddon Hall, Atlantic City
May 5-6	Oklahoma, Mayo Hotel, Tulsa
May 5-6	Tennessee, Greystone Hotel, Gatlinburg
May 8-10	North Carolina, The Carolina Hotel, Pinehurst
May 8-10	Missouri, Muehlebach Hotel, Kansas City
May 12	Delaware, du Pont Hotel, Wilmington
May 11-12	Indiana, French Lick Springs Hotel, French Lick
May 11-13	Ohio, Statler Hotel, Cleveland
May 12-14	Kansas, Hutchinson
May 13-14	South Dakota, Alonzo Ward Hotel, Aberdeen
May 15-17	Texas, Texas Hotel, Fort Worth
May 16-18	Mississippi, Buena Vista Hotel, Biloxi
May 19-20	New Mexico, La Fonda Hotel, Santa Fe
May 19-20	Alabama, Buena Vista Hotel, Biloxi, Mississippi

May 19-21	South Carolina, Francis Marion Hotel, Charleston
May 20-24	Maryland, Claridge Hotel, Atlantic City
May 22-24	California, Fairmont Hotel, San Francisco
May 22-25	Pennsylvania, Chalfonte-Haddon Hall, Atlantic City
May 23-25	Arkansas, Arlington Hotel, Hot Springs
May 27-28	North Dakota, Gardner Hotel, Fargo
May 28- June 2	West Virginia, S. S. Queen of Bermuda, Cruise
June 3-4	Utah, The Lodge, Sun Valley, Idaho
June 3-4	Wyoming, Sheridan
June 4	Connecticut, Equinox Hotel, Manchester, Vt.
June 5-7	Oregon, Empress Hotel, Victoria, B. C.
June 8-10	Illinois, Jefferson Hotel, St. Louis, Mo.
June 8-12	Dist. of Columbia, The Homestead, Hot Springs, Va.
June 9-11	Massachusetts, New Ocean House, Swampscott
June 10-11	*New Hampshire, Hotel Wentworth-by-the-Sea, Portsmouth
June 10-11	*New Hampshire, Mutual Savings, Hotel Wentworth-by-the-Sea, Portsmouth
June 12-14	Idaho, The Lodge, Sun Valley
June 13-15	Minnesota, Radisson Hotel, Minneapolis
June 15-17	New York, Lake Placid Club, Lake Placid
June 16-18	Colorado, Colorado Hotel, Glenwood Springs
June 16-18	Montana, Canyon Hotel, Yellowstone National Park
June 17-18	Vermont, Equinox House, Manchester
June 19-21	Washington, Davenport Hotel, Spokane
June 20-22	Wisconsin, Schroeder Hotel, Milwaukee
June 20-26	Virginia, The Homestead, Hot Springs
June 24-25	New Jersey Mutual Savings, Monmouth Hotel, Spring Lake
June 24-26	Maine, Poland Spring House, Poland Spring
June 30- July 2	Michigan, Hotel Statler, Detroit
Sept. 8-10	Massachusetts Savings Banks, Mt. Washington Hotel, Bretton Woods, New Hampshire
Sept. 15-17	Maine Savings Banks, Poland Spring House, Poland Spring
Oct. 3-4	New York Mutual Savings, Shoreham Hotel, Washington, D. C.
Oct. 11-12	Nebraska, Cornhusker Hotel, Lincoln
Oct. 17-18	Connecticut Mutual Savings, Mountain View House, Whitefield, N. H.
Oct. 23-24	Iowa, Fort Des Moines Hotel, Des Moines
	*Joint convention
	Other Organizations
Nov. 28- Dec. 3	Investment Bankers Association, Hollywood Beach Hotel, Hollywood, Fla.
1955 Mar. 24-26	Independent Bankers Assn., New Willard Hotel, Washington, D. C.
May 16-18	National Association of Mutual Savings Banks, Chalfonte-Haddon Hall, Atlantic City, N. J.
June 5-18	School of Banking of the South, Louisiana State University, Baton Rouge, La.
July 24- Aug. 6	School of Financial Public Relations, FPRA, Northwestern University, Chicago
Oct. 9-13	National Association of Bank Auditors and Comptrollers, Denver, Colorado
Oct. 23-26	Consumer Bankers Association, Hotel Dan Souci, Miami Beach, Fla.
Oct. 31- Nov. 3	Mortgage Bankers Assn. of America, Statler and Biltmore Hotels, Beverly Hills, California
Nov. 13-16	Robert Morris Associates, Dallas, Texas
Nov. 14-18	Financial Public Relations Association, Hollywood Beach Hotel, Hollywood, Florida

Insurance

(CONTINUED FROM PAGE 41)

Thus, the employee purchases with his contribution a large bundle of benefits he never sees in conventional group policies where he bears part of the cost—paid-up life insurance values, constantly increasing cash values, and favorable privileges of conversion at less than the face amount (because he has been storing up paid-up values in his insurance). The employer, in turn, is reaping the benefits of lower group insurance cost, and is making insurance with tangible value available to his employees.

The program can be made increasingly attractive by providing gradually increasing amounts of insurance as salaries increase—with a maximum of \$10,000 life insurance if desired. Further benefits can be provided if the premiums are graduated for age groups, so older employees coming into the plan for the first time can build up their paid-up values at the more rapid rate before they reach retirement age.

In the face of studies showing the ever-mounting increase of costs of "fringe benefits," it behooves every employer to make certain he is getting maximum return for every dollar spent. Group paid-up will bring this result—with a saving. It is equally important that the insurance plan produce maximum employee satisfaction if it is to be worth the employer's expense. Group paid-up life insurance assures wide employee acceptance—for it is in effect an annual saving program that guarantees paid-up life insurance values, or cash values, as he may elect when he reaches retirement.



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Investment Plan for Smaller Trust Departments (II)

Trust investments review and accounting procedure questions are answered by a panel of five prominent trustmen

The moderator of this symposium-in-print is GILBERT T. STEPHENSON of Pendleton, North Carolina. MR. STEPHENSON was formerly director of trust research, The Graduate School of Banking, and is a past president of the A.B.A.'s Trust Division. He is now a director of the Planters National Bank and Trust Company of Rocky Mount.

Investments Review

FOR all trust departments and especially for the smaller ones there is no more practical question than this one: "What, for us, is the best procedure for selecting, reviewing, and, in general, supervising our trust investments?" The perennial timeliness of this question, has, through the years, led The Graduate School of Banking and the Trust Division of the American Bankers Association to sponsor and publish several studies* on this theme. Because of the continuing interest in trust department investment procedure, this month's trust symposium continues a discussion begun in the September issue (page 71). Our panel is the same and includes: ROBERT H. DANIEL, vice-president, The First National Exchange Bank, Roanoke, Va.; CHARLES W.

ELIASON, vice-president, Commercial National Bank, Peoria, Ill.; EDWIN P. NEILAN, executive vice-president, Equitable Security Trust Company, Wilmington, Del.; and PAUL E. SACKETT, vice-president, The Lynchburg (Va.) Trust and Savings Bank.

Our panel was asked to discuss trust reviews, systems used, and tell what additional information the trust committee members (other than officers) contribute regarding investments.

MR. DANIEL thinks that, in its effort to comply with Regulation F, the trust investment committee may spend too much time reviewing voluminous data on relatively inconsequential matters and too little in determining the merits of investments then held or being considered for purchase. He adds:

"Trust committee members cannot make any significant contribution to trust policies if the time of the committee is taken up with inconsequential details. The best way to remedy the present situation is for the trust committee to delegate to the trust officers most of the responsibility for the carrying out of day-to-day transactions and for the trust committee to reserve to itself the decisions on major trust department investment and administrative policies.

"If the agenda for the trust com-

Moderator
Gilbert T.
Stephenson



mittee meeting is kept as clear as possible of routine operating matters, then the judgment and experience of the committee members individually can be used to the maximum advantage in the administration of the estates entrusted to the bank. The trust committee members are selected for the committee because of their eminence in some business or profession. They need not be investment specialists but their mature judgment can and should be of considerable help to the investment officers on policy matters.

MR. ELIASON described the review procedure of his own institution as follows:

"The members of the trust committee examine for each account an inventory of the investments, broken down as between bonds, preferred stocks, common stocks, real estate,

* See "Investment Supervision and Review Procedures for Smaller Trust Departments," October 1953 *Trust Bulletin* (reprints available); also "Investment Procedure in Smaller Trust Departments," Vol. 26, *Trust Bulletin* (January 1947), and 3rd series, No. XV of *Studies in Trust Business*.



The panel, left to right; P. E. Sackett, E. P. Neilan, C. W. Eliason, Jr., and R. H. Daniel

etc., with cost, current market, and estimated income data also supplied. A member of the trust department staff then discusses the background and requirements of the account, and answers such questions as members of the committee may ask. There is not ordinarily any necessity for long discussion of the investments held, since we have a rigorous policy of confining holdings to those on a formal approved list.

"At least once annually every individual common stock issue represented in trust portfolios is made the subject of review, usually at about the time of the appearance of each company's yearly report to stockholders. Material is prepared by the departmental staff, illustrative of historical and current relationship of price to earnings and net worth, and the financial data are reviewed in sufficient detail so that some judgment can be reached as to whether from the standpoint of quality and fair value each issue deserves retention. Lists of accounts in which each stock is held, with cost and market data, are available for reference at the time of these annual reviews."

MR. NEILAN thinks that the most desirable system of review is that which lists and groups the assets in the account, showing costs and market with yield on market, and a brief digest of the trust investment powers, beneficiaries, and beneficiary needs; that the best contribution which trust committee members make is in the field of business judgment generally and more specifically in the approval of local assets, such as mortgages, real estate, and stock in local companies, adding that many trust committee members are very familiar with family needs and problems in the average trust.

How One Bank Reviews

MR. SACKETT describes the trust-review system of his own institution as follows:

"The trust committee is composed of three officer-directors and four non-officer directors. The board of directors at its annual organization meeting constitutes the three officer-directors as a subcommittee of the trust committee and empowers this subcommittee to act on behalf of the full committee between regular meetings thereof. The subcommittee

is directed to report to the full committee on action taken. The full committee meets in regular session once a month and the subcommittee meets on call. In effect, the subcommittee makes final decisions in connection with investment matters within the framework of policy laid down by the full committee. This policy implementation is subject to monthly review by the full committee. A copy of all minutes of the trust committee is submitted to each director at the regular monthly meeting of the board of directors. The minutes of the board meeting recite the fact that trust committee minutes were submitted. No formal action is taken thereon.

"Every account is formally reviewed by the full trust committee at least annually, and many accounts are reviewed at more frequent intervals where the composition of the individual account requirements indicate the need therefor. The review material is assembled with the assistance of addressograph-multi-graph equipment. A tickler for each account is placed in the tickler file to come up well in advance of the meeting for which review of that account is scheduled.

"Once a month these ticklers are presented to an officer who authorizes preparation of the review material to be presented to the next trust committee meeting.

"A list of accounts to be reviewed is then sent to the addressograph operator, by whom work sheets for valuation lists are prepared. An up-to-date file of addressograph plates for the assets in each account is maintained. The plate contains a description of the security, par value or number of shares, and the book value. With these plates the addressograph operator can prepare a worksheet which contains a list of assets held in the account, subdivided according to types of securities, with par values, number of shares, and book values and subtitles describing the different security classifications. The operator then runs an adding machine tape of total book values and checks with the bookkeeping department to see that the account is in balance. Worksheets are then turned over to a clerk in the investment department to supply current markets and estimates of annual income. This information is transferred to the worksheet in pencil.

"After the worksheets have been checked and approved, the addressograph operator then re-runs the account plates on pre-printed multi-lith master stencils, similar to the worksheets, reproducing the same original information as was reproduced on the worksheet. The current information is then typed onto the master stencils from the worksheets.

"On completion of the master stencils, they are turned back to the addressograph operator by whom duplicated copies, in the number required by the trust committee for its purposes and for distribution to co-fiduciaries and beneficiaries, are run off on a duplicating machine using a multilith process."

Unanswered Question

One still not wholly answered question about trust investment procedure relates to the annual review of every trust investment in every trust account by the trust investment committee, as required under Regulation F—Trust Powers of National Banks—to determine its safety, current market value, and the advisability of retaining or disposing of it. A committee composed partly of non-officer, outside businessmen and professional men simply cannot do this without its taking more of their time than they can afford or should be expected to give. The only practicable way to remedy this situation, it would seem to me, is to elevate and dignify the position of the officers' trust committee with respect to the review of investments and have that committee make definite recommendations as to retention or disposition of investments with the reasons therefor and have the trust investment committee sit, not as a trial court, but as a court of appeals.

Investments Accounting

Under present-day conditions the tax work of a trust department is both onerous and time-consuming. This includes not so much the actual making of the returns, which in most cases is comparatively simple, but the making and keeping of the tax information on which the returns are based. Our next question is only one of the many questions relating to tax work—the making of the records for tax purposes regarding stock rights and stock dividends. (CONTINUED ON PAGE 108)

Do you know

HOW MUCH IT'S COSTING YOU TO SUPERVISE AND CONTROL INVENTORY LOANS?

Present day repurchase agreements eliminating the problem of disposal in the event of foreclosure have increased the acceptance of manufactured goods as collateral for inventory loans. At the same time, they have added greatly to the bank's volume of costly, time-consuming posting and accounting. The solution to this expense problem lies in our Monthly Value and Stock Reports.

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These time-tested reports which have set the standard for the industry have again been modernized and are today years ahead of the field. These exclusive advantages plus experienced warehouse supervision and high limits of comprehensive liability insurance are reasons for calling New York Terminal Warehouse to review any inventory situation. A qualified representative will show you how to extend maximum credit with minimum risk at lower cost to you and your customers.

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OPERATING OFFICES IN PRINCIPAL CITIES

Cost of Stocks

Discuss the manner of handling the cost prices of stocks, as affected by the receipt of rights and stock dividends. That is, are the cost prices generally adjusted on the books at the time of receipt of the dividends and rights, or is a separate record kept on the cost prices for income tax purposes?

MR. ELIASON says that in his bank all of the securities are carried on the ledger at cost and that adjustment is made in the carrying values when rights and stock dividends are received.

MR. NEILAN, while disclaiming any first-hand knowledge of the matter as related to smaller trust departments, says it is his conviction that a smaller trust department can do better if the cost prices are adjusted properly on the receipt of rights or stock dividends and let the adjustments flow through the cash journal in order to make income-tax preparation easy.

MR. SACKETT describes the system used in his institution by stating: "We attempt to maintain records from which tax costs may be readily obtained when required and at the same time to avoid, wherever possible, complicated and time-consuming computations and entries which would tend to increase operating costs. Generally speaking, this approach results in the following accounting practices:

"Rights—Where rights are sold, cost prices are adjusted on our books; where rights are exercised, no adjustments are made.

"Stock dividends—No adjust-



"Did I just hear you call, 'Never mind that letter, Miss Figsby!'"

BANKING

ments to costs are made upon receipt of stock dividends.

"Liquidating dividends — Adjustments to costs are made upon receipt of liquidating dividends."

Continuing Mr. SACKETT says "there is a strong probability that we will never need to make the adjustments involved where rights are exercised or stock dividends are received. If the adjustment is required, the basic information has been preserved and the actual tax cost can be readily computed."

Mr. DANIEL is opposed to the maintenance of a duplicate set of books for tax purposes because it adds so much to the clerical operations of the trust department. He thinks that the best solution would be to work the tax records into the bookkeeping system and make the trust bookkeeper responsible for the maintenance of the tax data. Referring specifically to rights and stock dividends, he said:

"Rights and stock dividends are received at relatively infrequent intervals. In most cases, pertinent tax data is available soon after the receipt of the rights or dividends. The posting of this tax data and the adjusting for cost prices as necessary can and should be done at the same time the new asset is entered on the books. If this procedure is made a part of the bookkeeping routine, the trust ledgers will always show current cost basis for all assets. Intelligent investment decisions must be made in relation to the tax position of the securities being considered. Therefore, it is imperative that current data be maintained on the cost of all trust investments."

The prevailing opinion is that it is inadvisable to keep separate records of cost prices for tax purposes and that it is advisable to let the keeping of the cost prices for tax purposes be a part of the daily bookkeeping routine.

You can say for some persons that they aren't always as disagreeable as they are sometimes.

A person may have few faults but overwork those he has.

We've seen men with \$10,000,000 who weren't any happier than other men with \$9,000,000.



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Customers *step on it* — any one of the Stanley Magic Carpets serving as modern "welcome mats" at the doors to the City Bank of Detroit. Automatically, *the doors swing open* . . . inviting customers in . . . through the friendliest doors they've ever seen. Then, on the way out, Stanley Magic Door Controls again provide the same impressive service.

Today, progressive banks are keeping a step ahead of competition by modernizing this easy, low-cost way . . . by installing Stanley Magic Carpet or Magic Eye (photoelectric) Controls on their present entrance doors. Let a Stanley representative explain how you can extend this automatic courtesy to the customers of *your* bank. Just call the nearby representative, or write for his name and for complete information.



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Washington

(CONTINUED FROM PAGE 37)

little concerned with putting its own ideas into law, anticipating that, by checking the Administration and giving it the appearance of futility, it can pave the way for the Administration's defeat at the next election. After that election, when it hopes to be given responsibility, the opposition would then contemplate putting into effect its own legislative programs.

American history affords a comparatively recent example of this

situation working out. That was in 1931-33, when the Democrats narrowly captured control of, and organized, the House during the last two years of the Hoover Administration. In that Congress the alert, aggressive, and able leadership of the Democrats "buried" most of Mr. Hoover's proposals in committee, and brought out alternative "Democratic programs," all the while creating the public impression that the Hoover Administration was both without ideas and futile.

According to this outlook, the 84th Congress might afford a lot of party

bickering and a minimum of legislation. Opposition-controlled committees probably would spend a great deal of time investigating Administration activities as a device for attempting to discredit their political opponents. There will be such investigations, of course.

A Precedent

What casts doubt on the prospect that the 84th Congress will accomplish little, however, is the pattern established during the 83rd Congress.

During the 83rd Congress the Democrats, while not having a technical majority, were so close to control that they were in a position to stop virtually anything the President wanted—had they chosen to do so—and offered "alternative Democratic programs."

For instance, the Democrats have long had on tap a "middle income housing bill." By and large they took the President's housing program, fussing over only an economically (if not politically) minor facet of that program, or public housing.

Another instance: Democrats have published in years past a much more ambitious "social security" program. They were in a position to offer this in 1954, but largely kept silent, taking the Eisenhower Administration's program.

Democrats also had their own program for expanding unemployment compensation, but did not in 1954 make a drive for it.

What happened in 1954 was that Democrats found the President's welfare programs too tempting to resist for the sake of their own political necks. Most of Mr. Eisenhower's chief accomplishments other than tax reform appeared to be on the "liberal" side. Besides broadening unemployment compensation and "social security," the Congress provided for a doubled Federal road program, for public works planning, for the St. Lawrence seaway, for the lease-purchase or instalment plan for buying post offices and other Federal buildings, and for a potentially vast extension of Government and Government-sponsored credit for agriculture.

SBA Activity

Some time early in the new year the Small Business Administration

(CONTINUED ON PAGE 112)

He's Protected — Naturally



Too bad people can't be as unconcerned as Mr. Turtle when a big wind strikes. But since they can't, why not protect their pocketbooks with extended coverage insurance or the new Broad Form for dwellings.



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Habib Bank Limited

Established 1941
Head Office: KARACHI (PAKISTAN)

Authorised Capital	Pak Rs. 30,000,000.
Issued & Subscribed	Pak Rs. 15,000,000.
Paid-up Capital	Pak Rs. 15,000,000.
Reserve Funds	Pak Rs. 10,000,000.
Deposits as on Dec. 31, 1953.	Pak Rs. 372,700,000.

In selecting desirable trade relations for exports and imports with Pakistan, Habib Bank Limited with 57 branches spread over West and East Pakistan, can prove to be most helpful and you are invited to use our services.

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Member Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 110)

expects to obligate all of its loan revolving fund, currently limited to \$75,000,000, at the present rate of activity. While Congress in the SBA act authorized a revolving fund of \$225,000,000, it has appropriated only \$75,000,000 so far.

Volume has picked up. By October 15 SBA had approved 892 loans for nearly \$49,000,000. While bank participation loans avoid the disbursement of Federal funds, SBA must keep funds on hand in case banks seek a take-out on the participations.

Eventually SBA intends to seek aggressively to sell its loans. In the case of participation loans, it will try to persuade banks to take the whole amount and save the participation charge. In the case of direct loans, it will seek to sell them outright.

On the other hand, by mid-October the SBA had been in business only a year. It will not be feasible to try to shift its loans to private hands until they have seasoned for 18 months or so, in SBA's opinion. Hence the revolving fund will not by that process be in for substantial replenishment before several months.

It is expected that the mood of Congress will be to appropriate funds for SBA's revolving fund.

Bank participations are on the increase. At the outset participations were obtained for only about 30% of SBA loans, and the amount of the participations was around 13%. Now the number of loans involving participations has risen to about 70% and the ratio of bank participation, to about 25%.

Loan Policy

SBA may not approve a loan for more than \$150,000. However, in its first year of business, SBA loans have averaged well below \$60,000 and have been widely diversified.

This has been the result, however, of accident rather than an official policy of holding loans down to so far below the legal maximum. SBA is not following the policy of turning down loans merely because they are near the limit of \$150,000 apiece, it was explained.

SBA officials clearly favor the recommendation of the Council of Consultants boosting to \$100,000 from \$50,000 the amount of a loan which a regional director may approve.



Arthur W. Viner, executive secretary of the National Voluntary Home Mortgage Credit Program. See page 115

The higher limit would apply only on participation loans, where the bank participation was at least 25%, and where at least half the bank's share was for new money purposes.

CCC Certificates

Banks bid heavily for the latest offering of Commodity Credit Corp. certificates of interest in the pool of CCC price-support loans. The offering was for \$1,150,000,000. Bids aggregated some \$4.4-billion. The new certificates dated from November 12 and will mature next August 1. They pay 1½%. To the extent that these certificates are purchased by banks, they diminish the pressure upon the Federal debt limit.

Month after month this year sales of Savings Bonds have been breaking nine-year records, the Treasury reports.

Sales of E and H bonds through September 25 amounted to more than \$4-billion. They were up 12% over the corresponding 1953 period and 37% over 1952. They were in the largest volume since wartime.

Sales for the first nine months of this year exceeded redemptions by \$350,000,000, including redemptions of both matured and unmatured bonds. This is the highest net for any 9-month period since 1949. In the first three-quarters of 1953 sales exceeded redemptions by \$152,000,000, whereas in 1952 the cash-ins ran \$502,000,000 ahead of sales.

Wartime sales of Savings Bonds began to mature in volume beginning in 1951. From that year through

1954 so far, the redemptions have held fairly steadily at only 25%, the other three-fourths being extended.

Sales of J and K bonds have picked up as a consequence of the changing interest rate pattern. During the first nine months of 1954 such issues sold to a total of \$1,003,000,000, compared with \$334,000,000 in the corresponding 1953 period.

The Housing Program

By and large the Housing Act of 1954 increased Federal intervention in the housing mortgage business. It did this by easing still further the terms of mortgages on both new and used housing given the benefit of Government insurance or guarantee.

There was in the act one notable exception to this trend. This was the way the law set up the new Federal National Mortgage Association, the Government-sponsored market or so-called "secondary market" for insured and guaranteed loans.

Under the new law the Government is working to wean this secondary market away from primary dependence upon Treasury purchases. In fact, except in one important respect, the law theoretically looks forward to the time when FNMA shall be pretty much a semi-private, if closely Federally supervised activity.

Beginning November 1 the new FNMA began to serve as a market for FHA and VA loans insured or guaranteed on or after August 2 of this year. It is contemplated that institutions which avail themselves of this market will become its stockholders. Any bank, for instance, that sells a Government-sponsored mortgage to FNMA must subscribe to the capital of the agency in the amount of 3% of the proceeds of the loan so shifted. This is done by FNMA's deducting the 3% of the proceeds at the time of purchase.

Through this mechanism FNMA is to acquire private capital. Initially the Government capitalized the new FNMA with \$93,000,000 of Treasury money. It is planned that the capital subscribed by institutions availing themselves of FNMA shall replace this Treasury capital ultimately.

Capital alone, however, will not finance a market for Government-sponsored loans. FNMA will sell its own debentures to raise the money.

(CONTINUED ON PAGE 115)

Only STEEL can do so many jobs so well



A Happy Marriage took place when housewares and USS Stainless Steel found each other. And today, you get the benefit of the mating . . . pans, pots and other household articles that are not only bright and beautiful in appearance and virtually indestructible, but easy to clean and safe, too . . . because this shining metal is so easy to keep free from contamination.



Steel Takes to the Air. In Arizona, there's a sandy river bed where flash floods frequently occur. A gas pipe line had to cross the river bed. So, to avoid the flash flood danger, the 30-inch welded gas pipe line took to the air for 1020 feet. Pipe and supporting structure were fabricated and erected by U.S. Steel.



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SEE THE UNITED STATES STEEL HOUR. It's a full-hour TV program presented every other week by United States Steel. Consult your local newspaper for time and station.



Something New for Snow or Mud. When the going gets tough in deep snow or mud, the motorist's life-saver now is frequently these new tire traction clips of heavy wire, which clip easily to tires, furnish grip enough to get you out of trouble, and are then simply removed by prying. Clips are made by American Steel & Wire Division of U.S. Steel.



Everybody Knows the progress American railroads have made in their passenger services these past years . . . in spite of arbitrary limitations. But it is not so well known that their freight services have been making enormous progress, too . . . as witness the 170,000 modern freight cars like this that have been built with USS Cor-Ten Steel in the past 20 years . . . a high strength steel that allows freight cars to carry more payload and last longer with lower maintenance cost.

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Here's a modern bank accounting machine so versatile and fast that it's the equivalent of four machines in one. It can shift from one job to another with just a turn of the job-selector knob. And it's so easy to learn



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WHEREVER THERE'S BUSINESS THERE'S



BANKING

(CONTINUED FROM PAGE 112)

With minor exceptions, FNMA had depended entirely upon the Treasury for its funds since its establishment in the 1930s. As of the opening of the new FNMA, its portfolio of VA and FHA loans aggregated \$2,365,000,000, and at the time had commitments outstanding to acquire an additional \$654,000,000.

All of this \$3-billion represented a direct drain on the Treasury, for it is Treasury money which provides the market.

So the second phase of this weaning of the FNMA secondary market from dependence upon the Treasury is the plan to start raising debentures of FNMA through public sale, to pay off the Treasury for its advances of \$3-billion made or committed to FNMA.

Albert M. Cole, Administrator of the Housing and Home Finance Agency, in announcing the new FNMA operation, stated that "Arrangements are presently under way to market a substantial issue of debentures at an early date . . ." in connection with this objective. It is speculated that this offering will come early in the year, but in any case before March.

Meanwhile the Housing and Home Finance Agency selected the personnel to operate the regional committees under the Voluntary Home Mortgage Credit Program. Under this program lenders will undertake to channel funds from areas of abundance to areas for scarcity, for FHA and VA mortgages, and for such mortgages used to house minorities.

Arthur W. Viner, a graduate of Harvard University and son of Jacob Viner, one time special assistant to former Treasury Secretary Henry Morgenthau, Jr., was selected to be executive secretary of the National Voluntary Home Mortgage Credit Program. He thus will be the principal staff officer of this activity.

Meanwhile, in a steadily rising volume of applications, officials felt they had assurance that the barriers to ample mortgage credit had broken down, and that total housing starts for calendar 1954 would likely reach about 1,200,000 units, with a small rise possible in 1955. Under the more liberal terms of insurance for used housing, applications were establishing new monthly highs for FHA insurance on such mortgages. While applications under FHA for

multi-family housing were reportedly small, any downward trend in that direction was many times compensated for by requests for insurance in other sectors.

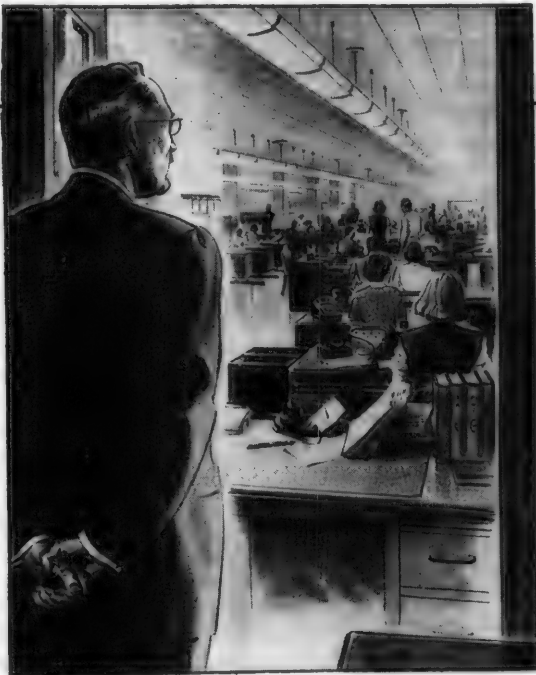
REA Expectations

There is every expectation that the Rural Electrification Administration is on the verge of some new emphasis in its activity.

This expectation arises from a couple of things. One of them is the fact that the present farm market is nearly saturated. As of last June 30, according to REA estimates, 92.3% of all farms were supplied by electricity generated from central stations.

REA, of course, will continue to acquire new customers as population grows and connections increase.

Another reason for expecting a new phase of REA activity is the effort sponsored jointly by the REA and various groups to boost the use of current on existing lines so as to increase the revenue of the rural electric associations and hence enhance their capacity to meet their debts to the Government, and to help in the expansion of the nation's economy.



Because you trust all your employees there is an inevitable shock to your feelings when one embezzles, but you can avoid the financial shock through an adequate

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1270 ONTARIO STREET, CLEVELAND 13, OHIO

Forest Credit in Action

(CONTINUED FROM PAGE 63)

the provisions of the law, may make a 2-year loan on managed forest property, using timber as collateral; or a mortgage up to 10 years may be made under the terms of which the instalment payments are sufficient to amortize the principal of the loan in 10 years, by 10% each year. No national bank "shall make forest-tract loans in an aggregate sum in excess of 50% of its capital stock paid in and unimpaired plus 50% of its unimpaired surplus fund."

Many states may need to pass enabling legislation, in order that state banks may also engage in this type of business and keep pace with the accelerated progress of forestry.

The loan transaction is between banker and client. The responsibility rests with the bank to determine that standards of forest management and protection are satisfactory to safeguard the loan. The necessary appraisals and evaluation of the property may be done by persons competent in forest appraisal, employed upon agreement by either party. It is vitally important that land ownership records be thoroughly checked and the papers recorded with the proper county authority.

First Loan Under New Law

The first loan made under the provisions of the law was by the First National Bank of Montesano, Grays Harbor County, Washington. The loan covers 280 acres containing mature timber, second-growth merchantable timber, and immature timber. The predominant species is Douglas fir. The loan is for \$10,000 for a 10-year period, amortized by monthly payments. It is amply secured by this valuable forest tract. The purpose of the loan is "to consolidate debts and to allow the owner to retain ownership of his timber."

The second loan was made by the U. S. National Bank of Portland, Oregon, on an excellent 72-acre forest tract near Woodland, Washington, carrying second growth Douglas fir, cedar, and hemlock. This is a 10-year loan for \$1,500, to be repaid in 10 annual instalments with interest at 6% payable semiannually. This loan is to be used by the owner to improve his forest stand, to con-

duct salvage operations, and to acquire part interest in a small sawmill.

Another loan was recently made by the U. S. National Bank of Portland, Oregon, to a Christmas tree grower near Cascadia, Columbia County, Oregon. This loan was for \$3,100 to be repaid in three yearly payments, plus interest at 6%. This is an exceptionally valuable tract and the amount of the loan is well under the 40% of the appraised value set by the law as the maximum amount permissible to loan. The owner proposes to use this loan to purchase a crawler tractor and to construct a Christmas tree packing shed, and a small portion is to be used to acquire leases on adjacent tree-growing property.

Tree Farming on Few Acres

In these three cases, we see forest credit in action. The value of the annual growth and increase in capital value is more than sufficient to pay the interest, the cost of management and protection, and to meet the amortization requirements. They illustrate the fact that a forest owner may be a tree farmer on a few acres of land. It is not necessary to own many sections before being classified as a successful tree farmer.

We have the three species, soil, climate, the people, and the forestry "know-how." These assets, teamed with sound forest credit, will enable trees, men, and dollars to work together to build a strong forest foundation for the nation.

The Forest Credit Act enables national banks to meet the credit needs of land owners engaged in the enterprise of growing trees as a crop and assist the flow of capital investment into forestry. This action has opened the door of opportunity a little wider for the banker and for the tree farmer so that, working together, they may share alike in building up the nation's woodpile.

When life knocks you down, that's the proper position from which to pray.

To get ahead in life, remember you can't keep your foot on second base and steal third.

To Serve You Better

Two time-honored names in banking have become one . . .

CHEMICAL CORN EXCHANGE BANK

... now that the merger of Chemical Bank & Trust Company and Corn Exchange Bank Trust Company has been consummated.

For more than a century each of these institutions has been identified closely with the economic growth of the nation and the development of its banking system.

No two banks could better complement each other. Their merger creates a network of 98 offices conveniently located in all five boroughs of New York City, with capital funds of more than \$187 million and resources of \$2.9 billion.

We value highly the relationships we enjoy with correspondent banks throughout the United States and in more than 5,000 communities abroad. To these old friends and new ones we now offer expanded facilities—and, with a larger staff, we shall continue the high standards of service which have characterized Chemical Bank since 1824 and Corn Exchange Bank since 1853.

You can call on Chemical Corn Exchange Bank with confidence.

..... Condensed Statement of Condition

At the close of business October 15, 1954

ASSETS		LIABILITIES	
Cash and Due from Banks	\$ 730,304,475.33	Capital Stock	\$ 42,940,000.00
U. S. Government Obligations	847,909,130.64	Surplus	127,060,000.00
State, Municipal and Public Securities	308,293,939.22	Undivided Profits	17,697,685.16
Other Bonds and Investments	8,298,414.36		\$ 187,697,685.16
Loans	938,882,934.14	Reserve for Contingencies	7,593,251.22
Banking Houses Owned	9,081,956.35	Reserves for Taxes, Expenses, etc.	10,526,783.49
Customers' Liability on Acceptances	43,688,728.16	Acceptances Outstanding (Net)	48,229,429.20
Accrued Interest and Accounts Receivable	8,035,219.16	Other Liabilities	3,882,446.76
Other Assets	5,874,701.38	Deposits	2,642,439,902.91
	<u>\$2,900,369,498.74</u>		<u>\$2,900,369,498.74</u>

Securities carried at \$252,809,650.55 in the foregoing statement are deposited to secure public funds and for other purposes required by law.

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The self-satisfied banker above has a right to be pleased with himself. He was alert enough to institute a check canceling system that eliminated labor costs.

His solution was simple. He merely instructed each bookkeeper to cancel her own checks on a Cummins Perforator.

He simply said O.K. girls, while you're stretching and relaxing after you've balanced, walk over to the nearest Cummins 300 and stick in the checks you've posted. It worked beautifully. The individual bookkeeper

had complete responsibility for all paid items until they were canceled. (This either eliminates the cost of a central canceling department or reduces personnel in the filing department.) The banker was able to get both bookkeeping and check canceling done for the price of the bookkeeping alone.

Here are some indisputable statistics:

- combining perforation with bookkeeping eliminates check canceling labor cost and strengthens internal control
- perforation separately costs 8.3¢ per thousand checks
- machine face canceling costs 22.4¢ per thousand
- microfilming in conjunction with face canceling costs 57.4¢ per thousand

If you would like the full story on these costs, and information about other Cummins Perforator features, mail coupon below.

Cummins Check-Canceling Perforator punches holes you can read in 20,000 checks an hour. These holes can't be erased, altered or obliterated.



Cummins
Business
Machines
sales and
service
offices in
principal cities.

IN BUSINESS AND BANKS SINCE 1887
Cummins

CUMMINS BUSINESS MACHINES

Division of Cummins-Chicago Corp.
Dept. B-124, 4740 N. Ravenswood Ave., Chicago 40, Ill.

Please send me full information on Cummins Check Canceling Perforators.

Name

Name of Bank

Address of Bank

City State

Teaming Up with Your Local Women's Groups

(CONTINUED FROM PAGE 73)

approach, for a bank to prepare a tie-in program for just about every women's club or organization. Some of the groups listed on page 73, which is only a partial list of the better known clubs, may be found in a great many communities.

Mixed Membership Groups

As mentioned previously, there are a good many groups with memberships composed of both men and women where some money-management education might be welcomed. These include the Grange (900,000); National Council of State Garden Clubs (350,000, about ¾ women); American Farm Bureau Federation (1,492,282); and American Institute of Accountants (21,306).

This, then, is your field of activity. You doubtless will agree that it affords ample opportunity for a bank to team up with its local women's groups. While the A.B.A. Public Relations Council has given assistance to the national organizations mentioned above and, in addition, has cooperated with state bankers associations and individual banks wherever possible, it now feels that it should broaden its base and encourage more banks to get into this field of activity. As to how to do this, you will find some specific suggestions in the next issue of **BANKING**.

"Mercy me! A roof over our heads—clothes on our backs—food in our stomachs . . . and you sit there and wonder where the money goes!"





Chicago's Midway Airport—World's busiest

One plane landing or leaving every 86 seconds, or 1,000 planes a day—that's the traffic at Midway Airport, the hub of aviation for the United States. In fact, according to the Civil Aeronautics Administration, Midway is the busiest air harbor in the world.

It's an exceptional Chicago business that doesn't have men traveling—or goods being shipped in or out—by air. This

tempo is indicative of Chicago's industrial activity and the remarkable progress of the city.

The Continental Illinois Bank has had an active part in the growth of Chicago industry and transportation, and its helpfulness is greater today than ever before.

You, too, are invited to call on us at any time. We'll be glad to share our experience with you.

Continental Illinois National Bank and Trust Company of Chicago

La Salle, Jackson, Clark and Quincy Streets

LOCK BOX H, CHICAGO 90, ILLINOIS

Member Federal Deposit Insurance Corporation

An Operations Market Place

(CONTINUED FROM PAGE 45)

tute, says the answer to the "when" question depends largely on the ways a bank plans to use electronic equipment. For the pioneers the time is "right now." The "wait and see" banks, although benefitting from others' experience, will face "a waiting period of several years."

Indications are that costs will be "within economic bounds."

As for the space problem, Dr. Noe points out that obviously this depends on the assignment given the equipment. Some jobs can probably be done by "small devices not much larger than an ordinary proof machine." They'll fit into present buildings without unusual difficulty.

"However, larger machines designed to handle central accounting problems can require anything from several hundred square feet up to a few thousand square feet, including room for operating and maintenance personnel. In this respect," says our

expert, "electronic equipment lends itself best to large unit operations or centralized branch equipment."

Dr. Noe thinks the "waiting period" for electronics in banking can be shortened if banks will train their personnel in advance, getting some of the preparations out of the way.

"In any case," he suggests, "all those who are seriously interested in being among the first to install data-handling systems should really be preparing themselves now. Furthermore, the joint effort of all the interested banks should really be pointed towards standardizing methods of check handling and sorting."

Dr. Noe commends the action of the A.B.A. Bank Management Commission and Savings and Mortgage Division in undertaking to coordinate the efforts of banking and business machine makers to develop equipment and he hopes the Association's efforts will receive the continuing support of both banks and manufacturers."

Audit Reports to Management

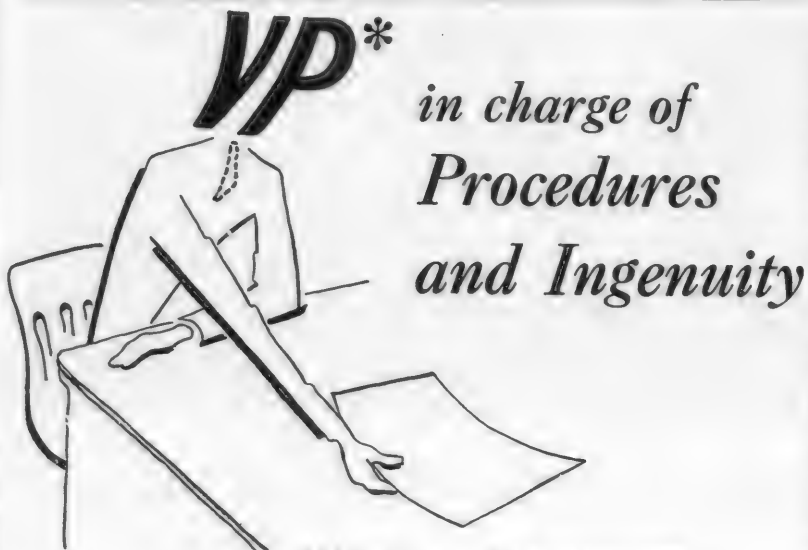
ANOTHER item picked up along the convention midway is the audit reporting procedure used at The First National Bank of Minneapolis.

Assistant Comptroller Robert W. Fischer said that the report, directed to the board, is discussed in detail with the directors' examining committee. Then the committee chairman and the comptroller's department make a summary presentation to the entire board. Audit reports to top management, he believes, should be records of performance and should include interpretative comment on the results of the audit program. This commentary should offer conclusions rather than details. Here's a hypothetical example:

Overdraft and uncollected activity at this office appears to be unusual. Many accounts permitted these privileges do not warrant the accommodations. Moreover, approval of such items in many cases is not within the approving officer's credit line.

Bookkeepers, either because of negligence, improper instruction, or inexperience, pay items against uncollected or insufficient funds without referring such items to an officer. Activity of this nature is concentrated in Ledgers No. 4 and No. 5.

(CONTINUED ON PAGE 123)



*A fictional character—but a very real function!

Any of our operating men might fill the shoes of this imaginary vice president—and, in a manner of speaking, they do. You'll see signs of their ingenuity in every phase of Central National's correspondent banking service. Your cash letters and other collections are handled with the kind of sure efficiency that results from well-designed procedures and smoothly functioning departments. Most important, behind all this is the determination to give you top-flight service in all aspects of our relationship.

Your call or letter will receive immediate attention.

CENTRAL NATIONAL BANK of Cleveland

CLEVELAND 1, OHIO

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Remington Rand

BETTER BUSINESS METHODS

For Greater Profits
Through Lower Costs

More Banks Cut Waste Motion In Bookkeeping...Protect Records From Fire



Unit-type bookkeeping combining the handling of checks, ledgers and statements... Northeast National Bank, Philadelphia, Pa.

From Coast to Coast banks are now cutting waste motion in their bookkeeping departments with insulated units that combine perfect working convenience with fire protection at point-of-use, 24 hours a day. Bookkeepers have ledgers and checks right beside them for instant finding and filing. When not in use, these vital records are safely insulated from the ravages of smoke and flames. This increased efficiency of operation and protection of records is accomplished by installing Remington Rand Safe-Ledger Files, Safe-Ledger Trays and Safe-Check Files.

These handsome insulated units are certified by the Under-

writers Laboratories and Safe-Cabinet Laboratories to protect contents for one hour, even in fire raging up to 1700°F. And since this is point-of-use protection, there's no need to transfer your vital records to and from safes or vaults daily. The Safe-Ledger File and the Safe-Check File form a harmonious combination for a self-contained unit-bookkeeping operation.

Why not investigate this work-saving approach to bank accounting, whether you file checks centrally or with account record. Call your local Remington Rand representative for full particulars or send for free illustrated booklet SC672.

NEW—Check-Size Tip Top Tab Guides...especially developed for banks. The last word in visibility...faster reference...longer wear. These card inserts for efficient guiding of your check files are automatically prepared by your address plates as a part of the regular procedure for opening accounts, heading up statements and other records...a big saving in time and labor. For free sample, circle Cat. No. 6459.19



New, Compact, Low Cost Microfilming Unit For All Types Of Bank Records

The revolutionary Film-a-record Model 8 microfilming camera is amazingly compact and versatile. With the "PB" feeder attachment it automatically films checks with high speed precision. Portability permits microfilming where your records are kept. Available with or without feeder.

Film-a-record Model 8 combines portability and economy with big-machine performance...high speed, precision operation. 12" throat. Models available for 25-1 or 40-1 reductions. 16 mm film or, by filming down both sides, 8mm.

"PB" Feeder Attachment automatically feeds records into the microfilm camera one at a time, in rapid succession. No other automatic feeder can match "PB's" never-miss accuracy.

Microfilming saves 99% of the filing space needed for original record files, plus big dollar savings...and gives complete record protection! Get full information now—Circle F382 and "PB" Feeder Attachment on coupon.

Remington Rand

Room 2225, 315 Fourth Ave., New York 10

Kindly send literature circled.

SC672 F382 Cat. #6459.19

"PB" Feeder Att.

Name _____

Title _____

Firm _____

Address _____

City _____ Zone _____ State _____

B-17

Profit-Building IDEAS For Business

**Banks and Other
Customer Services Division**



GEORGE F. KASTEN
Vice President



MEN Make the Difference

*between mere routine efficiency and
personal attention to your special needs*

Machines can calculate. Electronic brains can even remember! And the modern facilities of this bank are vital to the efficiency of First Wisconsin service. But *men* make the difference between mere routine efficiency and the kind of *personal* attention you expect—and get—as a First Wisconsin customer. The men pictured on this page head our special division supervising First Wisconsin service to correspondent banks and many business corporations. They welcome every opportunity to meet your *unusual* as well as your usual banking needs.



ROBERT A. ZENTNER
Vice President



D. WESLEY CORRELL
Vice President



DONALD A. HARPER
Vice President

JOHN G. TOPP
Assistant Vice President



L. J. SMOTHERMAN
Assistant Vice President



MARK A. RUSCH
Assistant Vice President

First Wisconsin National Bank

OF MILWAUKEE

Wisconsin's Bank for Banks

MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 120)

Clerks do not appear to be properly trained. Operating officer is occupied with many time-consuming details, a procedure that does not allow for adequate supervision or direction.

The annual audit report at the First National gives a schedule of the audit function, comparing the program with actual performance; it also offers the program for the next year. The transmittal letter explains all functions not performed according to schedule and gives reasons for changes. Another section contains comments covering the general results of the audit program and the comptroller's office observation submitted to top management in the regular monthly reports.

Check Standardization

WELL, here's a familiar piece of merchandise — the "headache check"!

A survey of others' checks handled at the Security-First National Bank of Los Angeles disclosed that more than 15% were so far off standard as to be in that category, said Benjamin G. Miller, assistant cashier of the bank.

(He defined a "headache check" as one whereon the amount, A.B.A. number, routing symbol, and bank name are so small, so poorly located, or so "cluttered by nonessential information that a search has to be made for the amount or sorting information.")

Security-First found that it took a standard machine proof operator twice as long to process a headache check as a well-designed one. And then the bank figured, on the basis of estimates by the Joint Committee on Check Collection, that time wasted on headache checks was cost-

5,275 Members

MEMBERSHIP in NABAC increased by 366 banks during the past year to a total of 5,275, President Ira C. Chaney reported to the convention. This growth, he said, indicated that bank management was becoming "audit and control conscious." The organization now has 150 conferences, or regional groups.



Australia's Continuing Development

Industrial.. Commercial and Financial Information

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-
-
-
-
-

Designed to provide factual information for businessmen this new booklet is now available on request.

111 pages packed with carefully selected facts, graphs, maps, and illustrations, describe the Australian scene, the people, primary and manufacturing industry, power resources, trade, transport and communications, private and public finance, and the social pattern.



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-

AUSTRALIA AND NEW ZEALAND BANK LIMITED

in which are merged

BANK OF AUSTRALASIA
(Established 1835)

UNION BANK OF AUSTRALIA LTD.
(Established 1837)

Overseas Department:

394 COLLINS STREET, MELBOURNE

Over 780 Branches and Agencies throughout Australia and New Zealand, in Fiji and Papua, and in London.



Max W. Hofmeister, Pres.
Mobile-Home Agency
Insurance Consultant To
Mobilehome Finance Institutions

A Sound Insurance Program is the Backbone of Mobilehome Financing

MOBILE-HOME AGENCY offers Specialized Insurance Coverages to mobilehome financing institutions.

Representing major stock Specialty companies, we provide the flexibility and special experience to assure a sound insurance program for clients who are discounting mobilehome paper.

Complete coverages with nation-wide protection and claim service provide the assurance of protection of your portfolio.

Your inquiry concerning Mobilehome Financing-Insurance will receive our prompt attention.

FIRE . . . THEFT . . . and
Combined Additional
Coverages
Collision, including Trip
Collision
SKIP Coverages and Single
Interest Collision
Group and Individual Credit-
Life, Accident and Health

INSURANCE

A GUARANTEE AGAINST LOSS

Insuring Mobilehomes From Coast to Coast is our only business

MOBILE-HOME AGENCY, INC. Keeler Building GRAND RAPIDS, MICH.



*"letters
look better
on*



WESTON BOND"



Typing goes faster, letters look cleaner, neater, more impressive when your letterhead is on new, brighter, whiter Weston Bond. Your printer will approve and gladly use this economical rag content paper made better by Weston. Write for sample book. Address Dept. BA.

BYRON WESTON COMPANY, DALTON, MASSACHUSETTS
Makers of Papers for Business Records since 1863

how to cure your headaches

YORK RECORDS definitely increase servicing profits in Mortgage Accounting . . . eliminate burdensome copying of amortization schedules . . . **COST 2¢ PER LOAN PER MONTH!**

If rising overhead . . . particularly servicing costs involved in the multitudinous forms and excess office personnel required by outmoded methods . . . are getting your goat, then install *York Records!* These single debit-single credit systems, adopted by increasing numbers of mortgage bankers, prove that preposted mortgage records make more money for you. *Seeing is believing;* check spaces below, clip this ad to your letterhead, and mail it today!

- | | |
|--|--|
| <p><input type="checkbox"/> Send us your Single Debit Mortgage Accounting Procedures book. Price: \$1.00.</p> <p><input type="checkbox"/> Send us your Single Credit Mortgage Accounting Procedures book. Price: \$1.00.</p> | <p><input type="checkbox"/> Send us your free booklet, <i>A Revolution in Mortgage Accounting</i>, by return mail.</p> <p><input type="checkbox"/> Send us your free booklet, <i>Aspirin for the Mortgage Bankers' Eternal Headache</i>.</p> |
|--|--|



YORK TABULATING SERVICE, INC.
227 EAST CLARKE AVENUE • YORK 4, PENNSYLVANIA

ing us more than \$100,000 a year.

"We are asking our customers for cooperation in uniform location and size of amount, bank name, A.B.A. number, and routing symbol," said Mr. Miller. "We're getting results."

Trust Department Controls

FOR a set of controls and audit procedure for personal trusts, look at the suggestions of Francis E. Whitmer, vice-president and trust officer, American Trust Company, San Francisco. The minimum standards he offers have been the objectives of that bank:

(1) Control over trust assets, including changes in principal affected by sales, purchases, additions, withdrawals, and termination.

(2) Close control over income receipts and disbursements.

(3) A method of checking fees to be sure they're properly calculated, billed, and collected.

(4) Close supervision over acceptance of new business, including an effective method of approving trust agreements, and assets initially deposited under them, or added to them; careful watch over amendments to make sure the bank's position as trustee was not adversely affected.

(5) Prepare a manual of trust audit procedure, making sure the administrative officers are familiar with it and that all officers can effectively carry out the procedures.

(6) Permit no individual to process more than one major step in important transactions. For example: In the sale of a block of bonds the authorization would come from the trust investment officer. Requisition of the security from the vault would be made by the security cage. Vault access would be by authorized vault custodian; delivery by the security cage to broker against payment; ledger entries for cash distribution among accounts, by the cash accounting division; posting of ledger entries by the bookkeeping division; statements to customers independently checked by persons not involved in any of these steps.

"How Large a Staff?"

HERE's Bank of America's method of determining the current staff requirements of each branch. Assistant Vice-president T. A. Brady described it.

(CONTINUED ON PAGE 126)



FOR MORE THAN HALF A CENTURY

617

**BANKS IN ALL PARTS OF THE COUNTRY
HAVE BEEN HANOVER CORRESPONDENTS**

An Alabama Bank President's opinion:

"It's always a pleasure to be able to discuss bank investments with you and also investment policies. The Hanover, in my opinion, is one of the best operated banks in the country and you have been most helpful always in your comments and suggestions."



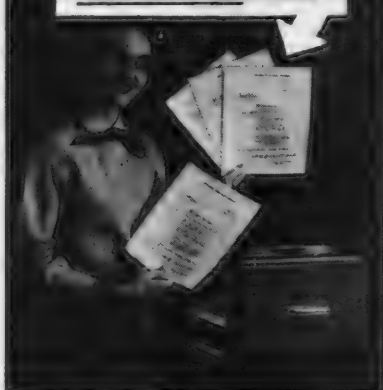
A Bank Is Known By The Correspondents It Keeps

THE HANOVER BANK

Member Federal Deposit Insurance Corporation

COMPLETELY DIFFERENT

**MAKES COPIES ON
NON-SENSITIZED PAPER**



The sensational Kodak Verifax Printer—distributed nationally by Recordak—lets you make 3 copies of a letter in 1 minute for less than 4¢ each.

A revolutionary discovery makes this speed and economy possible. You copy your office records on non-sensitized paper—instead of specially treated papers; and you get 3 or more copies—instead of one—from each sheet of Verifax matrix paper. Also, you expose your original *only once!*

Anyone in your office can operate the Verifax Printer after a few minutes' instruction. And under your present room lighting—*another plus.*

Your savings in retyping costs alone will soon exceed the surprisingly low price—\$240.

Verifax copying saves
wherever there's paper work

... see for yourself without the slightest obligation. Prompt service from any one of Recordak's 33 offices.

MAIL COUPON TODAY

Recordak Corporation
(Subsidiary of Eastman
Kodak Company)
444 Madison Avenue
New York 22, N. Y.

Gentlemen: Please send me free Verifax folder and address of nearest Recordak office.

R-11

Name

Company

Address

City State

RECORDAK

Price quoted is subject to change without notice.

(CONTINUED FROM PAGE 124)

The bank now has time standards for more than 800 routine branch operations, representing 90% of all operations. The standards are maintained—and maintenance is the big problem—through surveys in which each branch's activity is sampled at least annually. Activity in each branch is counted once a year to determine average daily activity and time factors are applied to the counts to determine staff requirements. The bank meets the problem of peaks and valleys by making counts of days that are 10 to 15% above average.

"Upon completion of each survey," explained Mr. Brady, "we determine individualized 'group factors' for each of the basic branch activities. A group factor is the total of the survey times for all the functions within each department of the branch, divided by the total number of accounts in that department.

Operating Schedules Prepared

"The survey report, with all counts and times, is returned to the branch, which is required to prepare operating schedules immediately so that duties assignments are made equitably.

"At the close of business each month each branch submits an activity report on which are reported some 100 branch counts such as number of commercial accounts outstanding on the last day of the

month and the total of new accounts opened during the month.

"Applying the group factors to the numbers of accounts outstanding, we arrive at the daily time required to service activities covered by the group factors. For the other activities noted on the report we apply daily coefficients to the reported accounts. The latter cover such items as real estate, commercial and instalment loans made, as well as those outstanding. A coefficient is the time standard per item divided by the number of work days in the month.

Determining Staff Requirement

"The sum of all these times converted to man days at 465 minutes per day gives us the current staff requirement for each branch. We recalculate the activity of each branch each month to develop current staff standards. In other words, once a month we tell our branches what their new staff requirements are so that they can evaluate their performance and adjust staff accordingly."

Maintenance of this procedure requires 13 persons—eight men who travel throughout the Bank of America system, making the branch activity accounts; two survey auditors; two typist clerks; one methods analyst.

Sorry, but our tour of the NABAC operations market place ends here. Hope you got some ideas!

"You've got this figured out pretty well, but somebody would have to continue making the payments. Do you have any children?"



G. LURAY

Public Relations

(CONTINUED FROM PAGE 48)

The PIFS has found that from 35% to 40% of its new accounts result from friendship, whereas direct advertising brings in about 15%. The staff—you might call it the "thrift faculty"—is drilled in human relations and taught that people do things, such as depositing money, because they like to. So the bank tries to get people to like it.

"Your Community Bank"

Two television shows on banking, "Your Community Bank," were presented in Johnstown, Pa., on consecutive Sundays under sponsorship of Johnstown Chapter, American Institute of Banking, and with the aid of banks in Cambria, Indiana, and Somerset counties, Pennsylvania.

On the first program banking in general was discussed by Paul R. Swab, secretary, Keystone Trust Company, Harrisburg; Edmund W. Thomas, president, The First National Bank of Gettysburg; and Belden L. Daniels, secretary, Pennsylvania Bankers Association. At the second program Mr. Thomas and Mr. Daniels were joined by Charles H. Zimmerman, vice-president and comptroller, Capital Bank & Trust Company, Harrisburg, in a panel on bank lending. Part of each telecast was a flannelboard presentation.

Might Try This One

THIS may be a good idea for your staff magazine.

The First National Bank in St. Louis published in a recent issue of *Bank-Trust News* an interesting account of how the bank's television

Ed Keath reports the news for First National Bank of St. Louis



December 1954

A.B.A. Public Relations Council

HERE is the membership of the Public Relations Council of the American Bankers Association. Newly appointed members are indicated by an asterisk.

HAROLD J. MARSHALL, executive vice-president, Manufacturers National Bank, Troy, N. Y., *chairman*; WILLIAM R. KUHN, editor of *BANKING*, New York City, *director*; RUDOLPH R. FICHTEL, A.B.A., New York City, *secretary*; J. A. ANSLEY, vice-president and cashier, Lee County Bank, Fort Myers, Fla.; WILFRED W. DELAMATER*, vice-president, Trademans Land Title Bank & Trust Company, Philadelphia, Pa.; BESSIE P. FADDIS*, assistant cashier, Union National Bank, Pasadena, Calif.; HUGH C. GRUWELL, president, First National Bank of Arizona, Phoenix; HAROLD P. KLEIN, vice-president, Iowa-Des Moines National Bank, Des Moines, Ia.; LOUIS B. LUNDBORG, vice-president, Bank of America N.T. & S.A., San Francisco; ROD MACLEAN*, assistant vice-president, Union Bank & Trust Co., Los Angeles; D. JAMES PRITCHARD, vice-president, Society for Savings, Cleveland; CLIFFORD C. SOMMERS*, vice-president, Midland National Bank, Minneapolis, and EDWARD R. TUFTS*, executive secretary, Massachusetts Bankers Association, Boston.

show, a newscast by Commentator Ed Keath, gets on the air. Illustrated with many pictures, the story says that it takes about a dozen men to keep the new show abreast of local and world events.

Viewing and Listening

AMERICANS this year are spending a more time watching television and listening to radio. They're also reading more and have almost doubled their movie attendance.

This information is gleaned from the seventh annual survey conducted in "Videotown" (New Brunswick, N. J.) by Cunningham & Walsh, New York advertising agency.

Summarizing the survey's results, the publication *Broadcasting Telecasting* says:

"More of the viewers who have had sets for several years watched television during the average week-day evening in 1954 (77.4% average) than these same families did in 1951 (67.9%), 1952 (69.9%), or 1953 (71.9%). Among all TV families, including new as well as long-

Delbridge

INTEREST TICKETS

REDUCE

savings account
interest computation
time up to **50%**



Last year, interest on 4,260,800 savings accounts was computed using DELBRIDGE Savings Account Interest Tickets. That's *outstanding proof* of how many banking institutions use this *time and money-saving* method of figuring interest on savings accounts. Reduces peak load work and overtime pay. No skilled clerical labor required. Tickets are available from 1/2% to 4% in 1/4% steps.

FREE TRIAL OFFER!

We're so sure of your complete satisfaction, that we'll send you *without cost or obligation*, enough tickets for your next savings account interest computations. Just tell us the number you need and the rate of interest you use. If you don't find them faster . . . easier . . . more accurate . . . and more economical than the method you now use, you owe us nothing. If you decide to use them, just O.K. our invoice based on the rate of \$4.50 per thousand. For your *no obligation* supply just write . . .

• Delbridge •

Calculating Systems, Inc.

2502 SUTTON AVE. ST. LOUIS 17, MO.



*Efficient Services
in Colombia through*

BANCO DE BOGOTA

Oldest established and largest Bank in Colombia
MARTIN DEL CORRAL, PRESIDENT

- Special attention to collections
- Accurate and dependable credit information service



TOTAL ASSETS:

More than \$ 440 Million Pesos
(Approximately US.\$178,000,000)

TOTAL COLOMBIAN FOREIGN BUSINESS:

	Imports	Exports
1952: US. \$ 400.670.000		US. \$ 463.227.000
1953: US. \$ 488.661.051		US. \$ 531.452.635

85 BRANCHES

BANCO DE BOGOTA

ESTABLISHED 1870 • BOGOTA, COLOMBIA S. A.

Scudder
Stevens
& Clark



Prospectus on request:

10 Post Office Square
Boston 9, Massachusetts

One Wall Street
New York 5, New York

117 South 17th Street
Philadelphia 3, Pa.

Common Stock Fund, Inc.

time owners, this year's average was 73.9%, as compared to 69.7% in 1952 and 73.1% in 1953.

"But while more people watch and although the average set is turned on slightly longer, the average person spends somewhat less weekday evening time at his set. This year the average dropped from 2.40 hours to 2.34 hours per evening. But the evening decline was offset by increases in morning and afternoon viewing."

Fourteen percent of "Videotown" set owners watched television in the mornings this year, against 8% last year. The figures for afternoon viewing were 16% in 1954, as compared to 14% in 1953.

Twenty-three percent of the TV owners surveyed said they listened to radio in the morning, against 14% last year. Eight percent listened in the afternoon (same as in 1953) while 10% were morning listeners against 9%. Housewives were the most numerous fans: 52% listened to radio and 83% viewed TV at some time or other.

Commenting on the "Videotown" returns, John P. Cunningham, president of the agency, said:

"It isn't that people have more leisure time. The average person is working as many hours as ever, but visiting and entertaining in the home have dropped again to make room for other recreation. Women in particular have revised their housekeeping routine to free their evenings for televiewing. They concentrate their duties in the morning or around dinner time. Whether this means they're more efficient, or merely less thorough, is an unanswered question, but they've definitely reorganized their housework. Television seems to be a likely influence."

In Brief

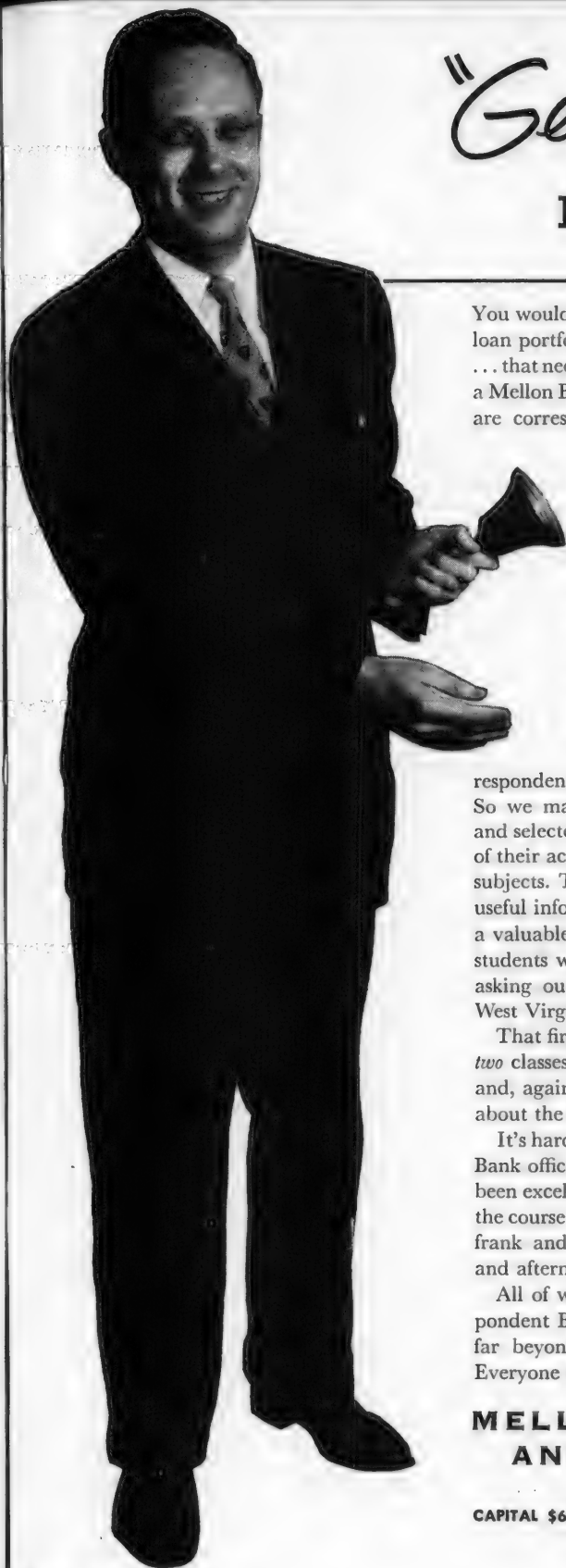
Bank Art Gallery

A corner of the main banking room of THE FIRST NATIONAL BANK OF ATHOL, Mass., doubles as an art gallery where pictures by amateur and professional artists, including the bank's president, William K. Durfee, are exhibited.

Lobby Display

BERKS COUNTY TRUST COMPANY of Reading, Pa., had a lobby display,
(CONTINUED ON PAGE 130)

"Gentlemen, please be seated"



You wouldn't look twice at a banker with a brief case or loan portfolio, but when we show one with a school bell . . . that needs explaining. The bell toller is Dave Snowdon, a Mellon Bank officer, and the men for whom he is tolling are correspondent bank friends who were taking our "Concentrated Course in Banking." In the photo at left, Dave is calling the 1954 session to order.

Our school bell has rung for two years now, and, so far, over 160 representatives from our correspondent banks have taken the course. This is how it all started: through years of looking for extra ways to help our correspondents, we learned that one need stood out . . . the need for assistance in training executives, particularly among smaller and medium-sized banks.

We talked it over with some of our correspondent friends. They said they would welcome help. So we mapped out a four-and-a-half day curriculum, and selected top Mellon Bank officers as teachers because of their active and practical experience in the specialized subjects. The whole course, we thought, would contain useful information for young bankers coming up and be a valuable review for older men. With the idea that 40 students would take this course once a year, we started asking our correspondents in Pennsylvania, Ohio and West Virginia if they would like to send men.

That first year, we had 80 applications, and conducted *two* classes instead of one. In 1954, we had 89 students, and, again, two classes. And, already, we have inquiries about the 1955 and 1956 sessions.

It's hard work for both the students and the top Mellon Bank officers who teach the classes. But the results have been excellent. The students tell us they learn much from the course. And we know that we are learning from their frank and enthusiastic discussions during the morning and afternoon classes and evening seminars.

All of which reinforces our basic belief—that Correspondent Bank relationships not only can but should go far beyond the rendering of merely routine services. Everyone benefits when they do.

MELLON NATIONAL BANK AND TRUST COMPANY

PITTSBURGH

CAPITAL \$60,100,000

SURPLUS \$160,000,000

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 128)

"A Tribute to the American Lawyer," constructed of materials provided by the American Bar Association.

Opera Show

Coincident with the opening of the Metropolitan Opera, EAST RIVER SAVINGS BANK, New York City, displayed costumes from selected operas in the 1954-55 repertory. The exhibit was on view during November at the bank's Rockefeller Plaza office.

Old Cars at Opening

A display of old automobiles featured the opening of new drive-in teller units at an office of STATE-PLANTERS BANK AND TRUST COMPANY, Richmond, Va. The cars were provided by the local unit of the Antique Automobile Club of America.

Flying Inspection

The LINCOLN SAVINGS BANK of Brooklyn, N. Y., used a helicopter to speed action on a mortgage application. The property was at some distance from the bank, and inas-

much as prompt action was necessary, Lincoln enlisted the aid of a trustee, Ford Bartlett, head of a firm that specializes in aerial surveys. Michael J. Burke, the bank's vice-president in charge of mortgages, was flown to the site in a 'copter. The area was quickly surveyed and the bank's ground appraisal crew did an inspection job.

Oil Forum

Under sponsorship of DENVER CHAPTER, American Institute of Banking, Denver bankers studied the problems of oil financing at two forum meetings.

Homey Touch

THE FIRST NATIONAL BANK OF CLARKSVILLE, Tenn., put a homey touch to the invitation to the open house marking its 89th birthday and completion of a modernization job. "Now that the scaffolding is down, the noise of the hammer and saw have ceased and the painters have gone home, we thought maybe you'd like to see what all this modernization means," it said. "So come in and look around—see the improved facilities for handling your account, and note the beauty of the interior. Not everything has been changed, for you'll find the same efficient service, the same glad welcome as always, for we are still an old-fashioned country bank."

THE TRENTON (N. J.) BANKING COMPANY had an economics forum as part of a year-round series of events marking its 150th anniversary.

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MAIN STREET

(CONTINUED FROM PAGE 32)

CHESTER W. HOLLAND, vice-president of the Andover (Mass.) National Bank, was tendered a testimonial dinner by directors and officers. He retires as of December 31, after having been vice-president since 1923. He will continue as a director.

More than 50 bankers attended the recent meeting of the Connecticut Group of alumni of The Graduate School of Banking in New London. A feature of the reunion was a tour of the electric boat division of General Dynamics Corp., at Groton, and the Groton Submarine Base.

JOHN WATTS was appointed a vice-president of Bank of the Manhattan Co., New York. He just returned from five years in London, where as European Representative of the bank he covered Western Europe, the Middle East, and North Africa. He will now be with the domestic division handling New York City business.

FRANK L. KING, president of California Bank, Los Angeles, was elected president of the Los Angeles Clearing House Association. He succeeds A. J. GOCK, former chairman of the board of the Bank of America. ROY A. BRITT, president of Citizens National Trust & Savings Bank, was elected vice-president; WILLIAM S. LONG was reelected secretary-manager.

ROBERT D. KERR was elected executive vice-president of the Tower Grove Bank & Trust Co., St. Louis. He had been a vice-president of First National Bank in St. Louis. MR. KERR is an alumnus of The Graduate School of Banking.

Commercial National Bank and the Continental-American Bank and Trust Co., both of Shreveport, La., have consolidated, the resulting bank showing total resources of approximately \$125,000,000. Officers are: chairman of the board, N. W. WHELESS; president, J. W. BAKER; vice-chairman of the board, RAY P. ODEN; senior vice-presidents, LLOYD D. LEEPER, ALLEN O. GRAVES, and R. McL. JETER; vice-president and cashier, J. A. WALDEN.

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Revise Reserve Requirements, Says Nadler

A GENERAL revision of the present reserve requirements, which are based on the geographic location of a member bank, is long overdue, says Dr. Marcus Nadler, consulting economist to The Hanover Bank, New York City.

In "A New Credit Policy," a report published by the bank, Dr. Nadler conceded that an amendment to the Federal Reserve Act creating a new system of reserve require-

ments would require careful study and was not likely to be enacted in the foreseeable future.

But he thought it "desirable that the Central Reserve districts be eliminated and that the banks in New York and Chicago be treated as respects reserve requirements in the same manner as other Reserve City banks."

"Since the prewar period the relative importance of New York and

Chicago as financial centers has decreased considerably while the position of other financial centers has increased materially," Dr. Nadler continued. "The growth of bank deposits in absolute figures and percentage-wise in New York and Chicago has been smaller than in the Reserve Cities or in country districts. The trend is still continuing."

Reserve requirements of Central Reserve City banks have been reduced twice and those of other banks once since July 1953, Dr. Nadler noted, and are now lower than the maximum permitted by law. But they are still too high, he said, "particularly when compared with those in force in other countries."

"Required reserves of member banks cannot be considered as actual reserves available to meet withdrawals since they must be maintained," the economist argued. "A reduction can take place only if the volume of deposits of the member banks decreases. Hence, all banks, in order to maintain proper liquidity, are forced to maintain, in addition to required reserves, substantial amounts of cash as well as large amounts of highly liquid short-term obligations, notably Treasury bills and certificates."

"Taking into account both the required reserves and the actual cash reserves of member banks, the cash assets amount to about 23% of the total assets, an item of considerable size on which there is no income for the banks. For the banks in the Central Reserve Cities this percentage is higher."

THE FORT WORTH NATIONAL BANK

FORT WORTH, TEXAS

★

STATEMENT OF CONDITION, CLOSE OF BUSINESS

OCTOBER 7, 1954

RESOURCES

CASH AND DUE FROM BANKS.....	\$ 69,299,786.84
UNITED STATES GOVERNMENT SECURITIES.....	74,089,905.93
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS.....	7,968,364.90
OTHER BONDS, NOTES AND DEBENTURES.....	473,897.85
STOCK FEDERAL RESERVE BANK.....	420,000.00
LOANS AND DISCOUNTS.....	96,692,076.12
INCOME EARNED—UNCOLLECTED.....	535,753.96
BANKING HOUSE AND GARAGE PROPERTY.....	3,898,527.67
FURNITURE AND FIXTURES.....	1.00
OTHER REAL ESTATE.....	1.00
CUSTOMERS' LIABILITY—LETTERS OF CREDIT.....	42,522.66
OTHER RESOURCES.....	119,840.72
TOTAL.....	\$253,540,678.65

★

LIABILITIES

CAPITAL ACCOUNT:	
COMMON STOCK.....	\$ 7,000,000.00
SURPLUS.....	7,000,000.00
UNDIVIDED PROFITS.....	1,427,357.22
RESERVE FOR CONTINGENCIES.....	\$ 15,427,357.22
RESERVE—AMORTIZATION OF BOND PREMIUMS.....	1,791,601.28
RESERVE—TAXES, INTEREST, EXPENSE, ETC.....	806,257.16
LETTERS OF CREDIT ISSUED.....	1,226,853.63
INCOME COLLECTED—UNEARNED.....	42,522.66
DEPOSITS:	1,094,029.85
INDIVIDUAL.....	\$166,098,724.33
BANK.....	49,207,216.33
U. S. GOVERNMENT.....	9,160,845.53
OTHER PUBLIC FUNDS.....	8,685,270.66
TOTAL.....	233,152,056.85
	\$253,540,678.65

U. S. Government and other securities carried at \$36,888,958.93 in the above statement are deposited to secure public funds and for other purposes required or permitted by law.

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Mortgage Clinic Series

A NATIONWIDE series of mortgage conferences and clinics will be sponsored by the Mortgage Bankers Association of America next year, according to announcement by Wallace Moir, association president. It will start February 24-25 with a conference at the Conrad Hilton Hotel, Chicago, followed by a clinic at Hotel Mayo in Tulsa on March 28-29, a clinic at the Dinkler-Tutwiler Hotel in Birmingham on March 31-April 1, and a conference at Hotel Commodore in New York on May 2 and 3.

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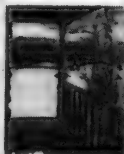


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Midcontinent Trust Conference

(CONTINUED FROM PAGE 102)

ment, regardless of its size, should never be an officer in the commercial department of the bank. "When he acts in a dual capacity," he said, "he is too much in the same situation in which a person finds himself when he is umpiring a baseball game in a small town and his home town is one of the participants. There are always times when the trust officer must take a stand; and he should be on one side of the table only, not

on both sides. Trust service deserves such a man. The same is true from the head of the department down to the stenographers. When there are dual responsibilities for such persons, conflicts arise—if not in the employees' minds, they frequently arise between department heads. Training employees to perform trust duties will be difficult. It is human nature not to specialize in activities which are unrelated. Therefore, if

a trust department is so small that it requires only a trust officer and a stenographer, they should be independent of other types of work or services rendered by the bank."

Headed in Right Direction at Last—Mr. Pfeiderer

Mr. Pfeiderer indicated his approval of changes in the new tax law. "In time, some progress will be made through various types of tax relief," he noted. Referring to Section 303 of the new Revenue Act, he said: "We believe that the new law with its alternative methods of taking depreciation will enable a buyer with limited capital to make a purchase which under a straight line method of depreciation would be impossible. The changes in old Section 102, now 531 through 537, relating to the unreasonable accumulation of surplus, are also helpful," he added. "Although I make no pretense of fully understanding the new Revenue Act, it seems to me that at long last we are at least heading in the right direction."

Federal Tax Law Trends

While speaking on changes affecting pension and profit-sharing trusts, Assistant General Counsel Saxon said that "the trend in changes in the Federal tax law affecting 'security' plans has throughout the years been of a liberalizing character, and there is a valid basis for expecting substantial further liberalization. Whether this policy will be framed in terms of a one-crack revision, a piecemeal revision, or by regulation or ruling under existing law remains to be seen."

Continuing, he said: "It must be recognized, of course, that many changes could be brought about by regulation and ruling within the framework of existing law. . . ."

"Law and regulation are merely a legal expression of social, political, or economic policies, and it is, therefore, primarily at the policy level that we do or should grapple with the issues. Unfortunately, either because of our own default, lack of opportunity to help frame the policy conclusions, or overspecialized concentration in the technical area, we may find ourselves working with a product whose birth we were not present to honor and whose character we do not rise to vouchsafe."

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Canada

(CONTINUED FROM PAGE 55)

it has included some marginal development, such as the opening up of low-grade mineral properties, and it has attracted some unwise speculation. These unsound elements are, however, now being weeded out. Yet the remaining and sound new productivity is finding it difficult to market all available output.

Accordingly, no further great industrial expansion is in view, but such is the confidence in Canada's long-term future that preparations are being made to undertake immense new development projects. These, however, will not be well under way for six or eight months.

Meanwhile Canada has to adjust herself to a lower scale of general economic activity—about 5% lower than in 1953—and a consequent loss in her national income, perhaps one of \$200,000,000. This readjustment is complicated by restrictive trade measures abroad.

A recent analysis by the writer revealed the rather startling fact that Canada was the world's most liberal importer, with imports on a per capita basis of over \$300 per year, the highest of any country and much in excess of per capita imports of Britain and the United States. Fortunately, there are signs of improvement in Canada's export position, of readjustment in her imports, and of more stability in her industrial system.

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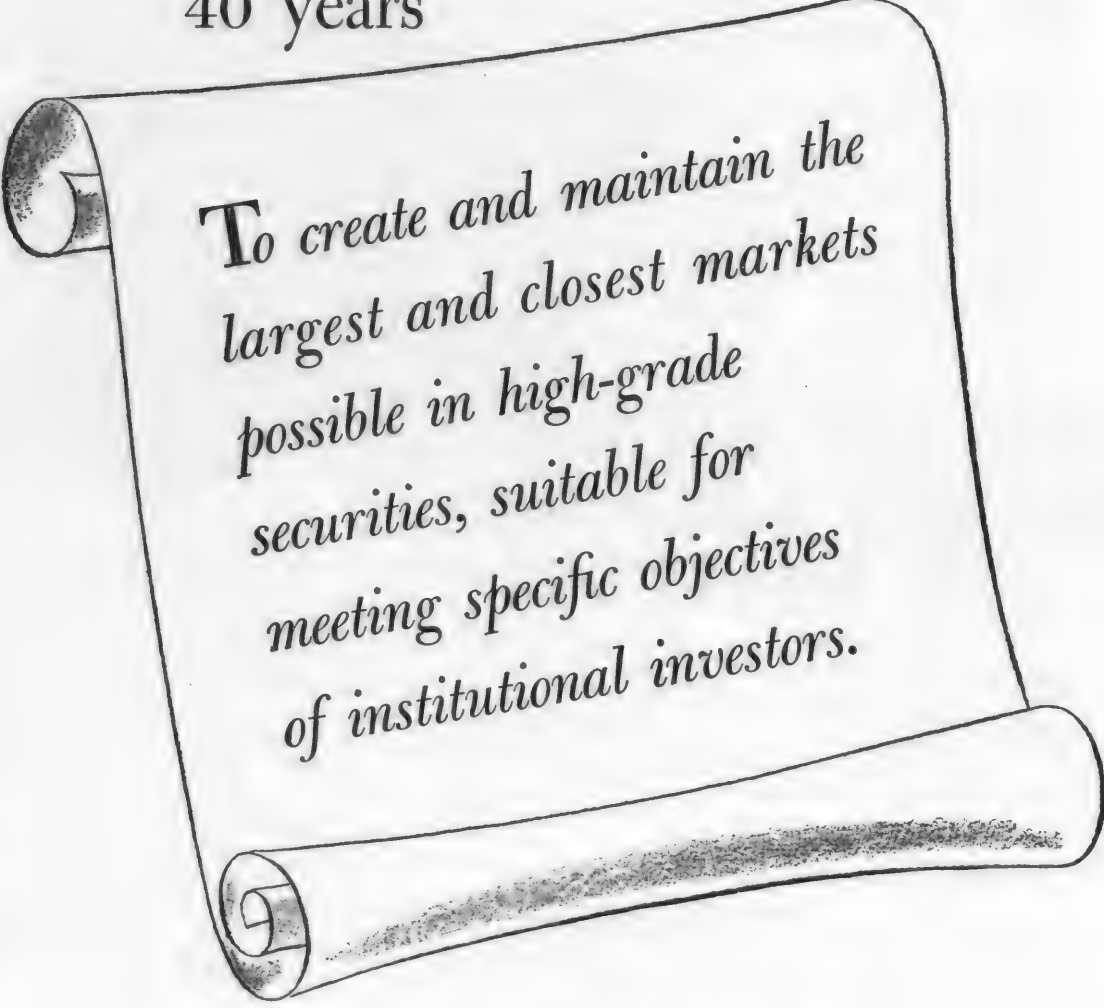
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A.B.A. National Credit Conference Set for December 16-17 in Chicago

KEY men in such industries as textiles and automobile manufacturing will join with speakers from the Government and finance to appraise the business outlook for 1955 at the Seventh National Credit Conference of the A.B.A. in Chicago on Dec. 16 and 17.

The conference, to be held at the Hotel La Salle, will have the same number of meetings as in past years, but compresses them into fewer days. A letter from A.B.A. President Homer J. Livingston explains that "there will be the usual five sessions, except that this year an evening session will be held on the first day instead of a third morning session as heretofore. Since the meetings come at the end of the week, it seemed advisable to close on Friday afternoon to enable those who find it necessary to make connections on that day."

Speakers from business and industry include T. O. Yntema, vice-president in charge of finance, Ford Motor Company; Theodore H. Silbert, president, Standard Factors Corporation; K. W. Tibbetts, vice-president, National Credit Office, Inc. Representing Government are Wendell B. Barnes, Administrator, Small Business Administration, and Don Paarlberg, Assistant to the Secretary, United States Department of Agriculture.

The program is as follows:

First Session: Chairman, George S. Moore, chairman A.B.A. Credit Policy Commission and executive vice-president, National City Bank of New York; address, Homer J. Livingston, A.B.A. president and president, First National Bank of Chicago; address, H. M. McBain, chairman of the board, Marshall Field & Company, Chicago.

Second Session: Chairman, Jesse W. Tapp, chairman A.B.A. Agricultural Commission and vice-chairman of board, Bank of America, Los Angeles; "Agricultural Credit," H. W. Schaller, president, Citizens First National Bank, Storm Lake, Iowa; "New Farm Policy and Farm Financing," Don Paarlberg, Assistant to the Secretary, U. S. Department

of Agriculture; "Outlook for 1955 in the Durable Goods Industries," K. W. Tibbetts, vice-president, National Credit Office, Inc., New York; "Government and Banking," J. Paschal Dreihelbis, vice-president, Bankers Trust Co., New York.

Third Session: Chairman, Mr. Moore; "Roundup of Credit Conditions," Edward F. Gee, president, Robert Morris Associates and vice-president, State-Planters Bank & Trust Co., Richmond. Panel, "The Credit Outlook," moderator, Vincent Yager, vice-president, Harris Trust & Savings Bank, Chicago; David H. Reimers, president, Live Stock National Bank, Chicago; Kenneth K. Duval, president, Mercantile National Bank, Chicago; Robert J. Crossley, vice-president, First National Bank of Chicago; John P.

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Hoffman, vice-president, Continental Illinois National Bank & Trust Co., Chicago.

Fourth Session: Chairman, Ben S. Summerwill, president, A.B.A. State Bank Division and board chair-

man, Iowa State Bank & Trust Co., Iowa City; "Small Business," Theodore H. Silbert, president, Standard Factors Corp., New York; "Small Business and the Federal Government," Wendell B. Barnes, Adminis-

trator, Small Business Administration; address, J. Cameron Thomson, director, Northwest Bancorporation, Minneapolis; "Uninsured Modernization Loans," Carl M. Flora, vice-president, First Wisconsin National Bank, Milwaukee.

Fifth Session: Chairman, B. Magruder Wingfield, president, A.B.A. National Bank Division and vice-president, National Bank of Commerce of Houston; "Real Estate Lending in 1955," Joseph R. Jones, president, A.B.A. Savings and Mortgage Division and vice-president, Security-First National Bank of Los Angeles; "A Midwest Banker Looks Ahead," J. Crosby Kemper, president, City National Bank & Trust Co., Kansas City, Mo.; "The Business Outlook," T. O. Yntema, vice-president in charge of finance, Ford Motor Co., Dearborn, Mich.; summary of the conference by Mr. Moore.

T. O. Yntema



Wendell B. Barnes

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Supervisor-CPA Cooperation on Examinations

SEVERAL suggestions for broadening the cooperation between the bank supervisor and the certified public accountant were offered by Stanley E. Shirk, partner in Peat, Marwick, Mitchell & Co., New York CPA's, at the annual conference of the National Association of Supervisors of State Banks at Raleigh, N. C.

Mr. Shirk advocated that the banking laws of all states be strengthened to require an effective periodic examination by the directors, "with or without outside assistance," and to prescribe the examination's minimum basic scope.

"Further," he said, "if the examination is permitted to be conducted without the use of outside assistance, the law should contain specific provision to prevent officers and employees examining departments or activities of which they are an inherent part or for which they are responsible. Unless circumstances dictate otherwise, the requirements should be uniform and include provision for direct verification procedures. These requirements should then be enforced by the bank supervisors of each state, with the result that effective directors' examinations would be made."

Effective Division

If supervisors could give greater weight to effective outside audits and examinations, their own work could be limited to asset valuation, management appraisal, and statute compliance, provided the supervisor knew he could rely on the outside auditor, Mr. Shirk said.

"You should require that a copy of the CPA's report on examination be submitted to you, review his workpapers, if necessary, and take these factors into account when you begin your examination."

Commenting on the bill before Congress to permit a reduction of national bank examinations from two each year to three every two years, Mr. Shirk asked:

"Why not go one step further and include a provision permitting one bank examination to be made each year by the national bank examiners if the bank has had an effective directors' examination each year by a CPA, the scope of which has com-

plied with the procedures currently suggested by the Comptroller . . . ?"

The speaker also suggested the possibility of a joint examination by the supervisor and the CPA. The latter could account for the assets and liabilities and handle the other required auditing procedures, while the supervisor could carry out the appraisal of management.

"Most financial analysts will allege, and rightfully so, that it is dif-

ficult to evaluate and compare satisfactorily the financial statements of banking institutions. Management has an obligation to the public and its stockholders fairly to set forth its financial position and results of operation and permit ready comparison with other banking institutions. The bank supervisor and the CPA can and should do more to make management aware of its obligations."

● WHEN IT IS 83 DEGREES

At 2:22 P.M.

In Cincinnati, Ohio

At the Lincoln
National Bank



—or when it is
any other temperature at
any hour any day or night,
the new DOUBLE TT
Time and Temperature
indicator sign of
Cincinnati's Lincoln
First National Bank
will accurately and in-
stantly report it. Every 5
seconds, alternately and
continuously, this public
service will identify
this progressive institution.
Your bank's inquiry
about this sign is invited.

**AMERICAN
SIGN AND
INDICATOR
CORPORATION**

808 E. Sprague Ave.,
Spokane, Wash.
141 West Jackson Boulevard,
Chicago, Ill.

For TOP EXECUTIVE

AND SPECIAL
CORRESPONDENCE!

Impressive "write"
at low cost!



THE NEW

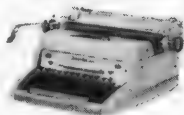
Smith-Corona CARBON-RIBBON TYPEWRITER

SEE how easily you can achieve a crisp, clean, print-perfect quality of "write" in all your letters, special reports and presentations. This new Smith-Corona Carbon-Ribbon typewriter gives you just that—a distinctive, sharp and even, yet warm and friendly impression.

Your secretary will have the finest office typewriter possible—the Smith-Corona "Eighty-Eight" Secretarial. And then, not an attachment but built right in, the dual-purpose feature—Carbon-Ribbon (in addition to the easily interchanged fabric ribbon). Let us show you the "write".

At the same time—

SEE THE
ALL-NEW
"Eighty-Eight"
SECRETARIAL



CALL ANY SMITH-CORONA FULL-LINE DEALER or BRANCH OFFICE
(See your Classified Telephone Directory)

Smith-Corona Inc Syracuse 1 N Y Other factories in Toronto, Brussels, Johannesburg. Makers also of famous Smith-Corona Portable Typewriters, Adding Machines and Cash Registers, Vivid Duplicators, Carbons and Ribbons.

DO WE SAVE IT OR SWITCH IT?

The question deals with labor costs. And very timely it is because, as we endeavor to keep pace with swiftly changing methods designed to increase output with decreased manpower, we are prone to measure labor-saving in one division without considering a possible offsetting increase in another. Sometimes, usually later, we are inclined to become disgruntled with any increased cost anywhere, even though, in the aggregate, we are saving lots of money.

For example, we know that Personalized Checks, either with or without account numbers or coded symbols, save processing time in banks, but we also know that they cost more money and that the detail of ordering and auditing places an additional burden on bank people when compared with the relatively simple controls required when ordinary blank checks are used. Nevertheless, there is a substantial net saving and apparently more and more banks are weighing this saving objectively.

Despite the fact that Personalized Checks save time and improve accuracy,

we still are of the opinion that they should be sold rather than given away free. So many banks now feel that this saving is great enough to warrant absorbing their additional cost, and we certainly would not take issue with this viewpoint except to point out that it is unnecessary. The cost of Personalized Checks to the individual customers is infinitesimal, but to the bank it bulks up large and represents important money. Checks which are sold cost the bank nothing, whereas check cost which is absorbed cuts into the saving resulting from more efficient processing.

Judging from this year's activity and from the plans now in the making, we anticipate that this coming year will explode the Personalized Check potential, and we are setting up our procedures to make it easier for us to produce and, more especially, to make it easier for banks to handle a large volume of these small orders. May we serve you in larger measure during this coming year, and remember . . . the checks you sell cost you nothing.



Manufacturing Plants at:

CLIFTON, PAOLI, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

Credit Unions

(CONTINUED FROM PAGE 51)

lief that all supervisors are their arch-enemies, spending sleepless nights devising means to harass them. Such utterances are rumblings in the clouds which portend unpleasant weather for some credit unions.

To determine whether management is conforming to the restrictions imposed by law, to ascertain the solvency of financial institutions, and to prevent the adoption of policies which may lead to embarrassment or disaster at a future date are a few of the purposes for which supervisory authorities were created. The aims which all current supervisors hold in such reverence are based on time-tested principles which must be attuned to present day developments.

Careless credit policies, indifferent collection methods on delinquent loans, lack of reserves against potential losses, overinvestments in nonliquid assets, unwarranted distribution of high dividends, and a disregard for audit procedures are some of the practices no supervisory authority, with a sense of responsibility, can tolerate. These are the problems with which Federal and state authorities throughout their years of supervision have had to cope.

All Should Emulate

The above observations are not to be construed as an arraignment of all credit unions. The well established and outstanding associations have successfully and admirably weathered depressions, recessions, and other business adversities. Their standards of operation can be favorably compared with other high ranking financial institutions. Their maturity and reputation have given credit unionism a permanent foundation. These are the institutions which all credit unions would do well to emulate.

By and large, credit union management acts in good faith, endeavoring in its own way to do the best work of which it is capable. As supervisory authorities, it is our responsibility to cooperate with rather than dominate management; to guide rather than direct; to interpret the laws governing op-

(CONTINUED ON PAGE 145)



New dimension for America's family album

IN MANY HOMES, the old-time snapshot album has been replaced by a film library of three-dimensional, natural-color slides taken with *Stereo Realist* cameras.

In many businesses, too, *Realist* pictures have gone to work as effective visual sales-aids. The *Realist* is a development of David White Company, Milwaukee, Wisconsin—manufactur-

ers of precision optical instruments since 1904.

To help assure smooth business operation, David White Company depends on U.S.F. & G. for essential bonding and insurance coverages.

Whether you produce cameras or use them in your home or business, no matter what you do or where you are, there are U. S. F. & G. coverages to meet your individual needs.



Over ten thousand agents . . . there's one in your community.
Consult him as you would your doctor or lawyer.

U.S.F. & G.

CASUALTY-FIRE
INSURANCE

FIDELITY-SURETY
BONDS

United States Fidelity & Guaranty Company, Baltimore 3, Md.
Fidelity Insurance Company of Canada, Toronto

*inspiration
in steel*



New building, Fulton National Bank
of Atlanta, Georgia.
Architect-Engineer, Wyatt C. Hedrick,
Dallas, Texas.
Moscowitz, Willner and Millkey,
Atlanta Associates.
Bank Interiors, Bank Design, Inc.
General Contractor, Henry C. Beck Company

NEW DIEBOLD-BASIC VAULT DOOR

SELECTED BY FULTON NATIONAL BANK OF ATLANTA

For the first time . . . a bank vault door that blends with the architectural composition of every bank interior. From a multiple series, the Fulton National Bank of Atlanta selected two Diebold-Basic Vault Door installations to harmonize with the character, shape and color of its new banking quarters. They further individualized one installation by mounting bas-relief plaques on the gleaming stainless steel cladding.

The door is strikingly beautiful in open position . . . the view depositors see. Its crisp faceted design constantly reflects light, color and motion in the banking room. Designed to become one with its setting, the door has been described as an inspiration in steel. To see an installation is an experience.

A brochure illustrating the new standards by which vault doors will be judged and selected in the future is yours for the asking.

3059-A-DI

Diebold[®]

INCORPORATED

915 MULBERRY RD., S.E. • CANTON 2, OHIO



MANUFACTURERS OF THE WORLD'S FINEST BANK EQUIPMENT

(CONTINUED FROM PAGE 142)

erations as liberally as those laws and statutes permit; not to attempt to take the place of management, but rather to be of constructive help to the end that the needs of depositors, shareholders, and membership be served.

The virtues, the benefits, and the rewards of regular savings are just as important today as they were when public-spirited men, years ago, started the credit union movement. The public-spirited men of today know that credit unionism holds a well established position in the financial world—an indispensable segment in our national economy. And, to all supervisors, it is a challenge to open-mindedness in their relationship with it.

Supervisors can and should cooperate in the formation of a credit union. The charter-granting authority, before acting, should be fairly and correctly advised that the proposed field of operation is favorable to the success of a credit union and that the character of the members will give an assurance that the affairs of the association will be carried on in accordance with law and prescribed regulations.

At the organization meeting the members should be cautioned that running a credit union is a very technical operation, that it must be handled with care by selected personnel. It must be emphasized that, as stockholders, at their annual meeting they elect their own board of directors, supervisory and credit committees, vote on their own dividends, amend the by-laws, and in general determine the policies of their own financial institutions. But, if membership confers the responsibility for the conduct of the affairs of its business upon a board of directors, then it should be extremely careful in its choice of the men who are to control and direct its pooled resources into the proper investment channels. These are the men upon whom rests the success or failure of the credit union; and, it is they who carry the dignity or discredit of the entire credit union movement.

The men chosen for the credit

committee should know the membership and its problems. They must have the confidence of their fellow-members, and an understanding of the needs and limitations of the borrower. A supervisor could frankly tell the membership that, in his experience, he has known credit committees to become lax and thereby depart from sound business judgment in passing on credit; or to shift their responsibility upon the treasurer.

Also, at this initial conference the supervisor can explain the functions of the supervisory committee,

its rights and powers and its ultimate responsibility for the success or failure of the credit union.

This educational approach by supervisors will be of invaluable assistance to a credit union starting on its course toward a cooperative ideal. Through the dissemination of constructive information, management will appreciate the significance of a strict adherence to the law, by-laws, and regulations. And, with a mutual understanding of motives, supervisors and the supervised will attain the common goal—an assured protection of public funds.

COLOMBIA MEANS BUSINESS

LET US HELP YOU INCREASE YOURS

OPPORTUNITIES in Colombia for U. S. business are increasing every year. Trade connections are becoming more profitable. With an eye on your business future there, why not let us assist you with your collections and letters of credit?

For instance in making collections, we have an outstanding record of combining efficiency with tact, courtesy with results—a proven faculty for settling unpaid accounts quickly and retaining good-will.

As for letters of credit, consider the convenience of our 32 offices located in every important commercial centre in Colombia. This exceptional coverage is a great advantage too in furnishing current and comprehensive trade information.

In fact whatever your requirements, we have special departments handling every phase and facility of banking. More and more progressive U. S. banks and business firms are making use of our extensive organization established for over 40 years.

We invite your inquiries.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices — Bancoquia

Capital paid-up	\$20,815,000 — Pesos Colombian.
Legal reserves	\$17,694,300 — Pesos Colombian.
Other reserves	\$6,726,000 — Pesos Colombian.

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenia (C), Barrancabermeja, Barranquilla (2), BOGOTA (8), Bucaramanga, Cali (2), Cartagena, Cartago, Cúcuta, Girardot, Ibagué, Magangué, Manizales, Medellín (2), Montería, Neiva, Palmira, Pasto, Pereira, Puerto Berrio, San Gil, Santa Marta, Sincelejo, Socorro, Vélez (8).

New York Representative—Henry Ludekø, 40 Exchange Place, New York 5, N. Y.

Grandpa had a farm; Dad had a garden; I've got a window box.

on the brink

of a bank?

If you are about to make a business connection with a Philadelphia bank, we think you would do well to consider Central-Penn.

We have been in the foreground of our city's banking picture for more than 125 years. And right now, during the Delaware Valley's great era of expansion, we too are experiencing our greatest growth.

All this indicates the vital assistance that we can offer. So whatever your banking needs may be, remember that we stand ready to answer them.

CENTRAL-PENN NATIONAL BANK

OF PHILADELPHIA

Member Federal Deposit Insurance Corporation
Member Federal Reserve System

SAFEGUARDING Consumer Credit

More than 5,000 of America's leading financial institutions provide their customers with death and/or disability protection through the specialized insurance service of

OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY

James H. Jarrell, President
Executive Offices:
307 N. Michigan Ave., Chicago
Regional offices—coast to coast

OLD REPUBLIC

America's largest company writing
consumer credit insurance exclusively

Frank M. Totton

(CONTINUED FROM PAGE 92)

a trustee of the Harlem Savings Bank.

Active in A.B.A., A.I.B., Many Civic Groups

From the beginning of his banking career, Mr. Totton was active in the affairs of the American Institute of Banking, educational section of the A.B.A., having served as president of New York Chapter in 1922 and as national president of the Institute in 1929. He was active in the A.B.A., having served as chairman of its Public Relations Council, and prior to that as chairman of the Council's Committee on Public Education.

Mr. Totton had long been active in civic and welfare organizations. He had been president of the Young Men's Christian Association of New York City from 1945 to 1953; director of the Greater New York Council, Boy Scouts of America; and had also served as treasurer of the Goodwill Industries of New York; Sydenham Hospital; American College in Sofia, Bulgaria; and Wiltwyck School for Boys in New York. He was national chairman of the executive committee of the United Negro College Fund Campaign in 1953, and during World War II was vice-chairman of the New York State U. S. Savings Bonds Advisory Committee of the Treasury Department.

In 1944, Mr. Totton was a director of the Federation of Protestant Welfare Services and the Travelers Aid Society of New York. He was national chairman of the Presbyterian Restoration Committee from 1945 to 1947, and chairman of the finance committee of the Presbyterian Church in America from 1945 to 1948. He was elected Grand Master of the Grand Lodge of the State of New York Masons in 1948, and to a second term in 1949.

His banking career had been interrupted by three years' Army service as a member of the "Old Seventh Regiment of New York" on the Mexican border in 1916, and later from 1917 to 1919 as a lieutenant of ordnance.

"Traveled a Million Miles"

Nationally known for his ability as a speaker, Mr. Totton, upon his re-

tirement from the bank, estimated that in the past quarter century he had "traveled a million miles" to address bankers' conventions, church groups, youth associations, and many civic and fraternal organizations throughout the country.

In April of this year, in view of his coming retirement from the banking business, Mr. Totton received a citation from the A.B.A. during the annual meeting of the Executive Council at White Sulphur Springs, West Virginia. It read:

In recognition of twenty-seven years of service in the official family of the American Bankers Association, as national president of the American Institute of Banking, as a member of the Executive Council, as a member of the Public Relations Council for years and its chairman since 1952, this testimonial of appreciation and affection is presented to Frank M. Totton.

Throughout all of his A.B.A. activities, he has displayed a unique kind of brilliant and inspiring leadership wherein he has combined technical abilities with a fascinating sense of humor. These qualities have earned for him the respect, esteem, and affection of bankers all over the country.

As spokesman for banking, he has been a faithful interpreter of our place in the economy of the country before business and professional people in all sections of the United States.

We hereby record our deep regret that he is leaving our field of banking. We shall always be grateful to him for his unselfish work for the Association. Our best wishes go with him as he assumes an important post in the religious life of the nation as director of the Presbyterian Foundation of the United States of America.

Surviving are his wife, the former Gladys Barnes, whom he married in 1922, and three married sons, David C., Robert M., and Stephen M. Totton.

WE WILL SEND YOU

the next five monthly issues of
BANKING'S NEWSLETTER for
only \$1.00 (regularly \$5.00 a year).
You need only to mail your name,
address and \$1.00 to

BANKING'S NEWSLETTER

12 East 36th St. New York 16, N. Y.

NATIONAL BANK OF DETROIT

... LOCAL, NATIONAL, WORLD WIDE

... CENTER OF A GREAT INDUSTRIAL AREA

... AT THE GATEWAY TO CANADA

Member
Federal Deposit
Insurance Corporation

**HOW MANY
and
HOW WELL!**

**FIRST NATIONAL
BANK of ARIZONA**
(*Oldest National Bank
in the State*)

Has the confidence
and friendship of
ARIZONA'S BUSINESS!

**FIRST NATIONAL
BANK of ARIZONA**

HEAD OFFICE: PHOENIX, ARIZONA
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



THE TEXAS COMPANY

—209th—
**Consecutive Dividend
and Extra Dividend**

A regular quarterly dividend of seventy-five cents (75¢) per share and an Extra dividend of seventy-five cents (75¢) per share on the Capital Stock of the Company have been declared this day, payable on December 10, 1954, to stockholders of record at the close of business on November 5, 1954.

The stock transfer books will remain open.

ROBERT FISHER

October 22, 1954

Treasurer

**do
you
need—**

dime and
quarter savers,
book-type,
printed in
various colors

SAMPLES AND PRICES ON REQUEST

WILLIAM EXLINE INC.

1270 'ONTARIO' STREET, CLEVELAND 13, OHIO

Compliments of the Bank

(CONTINUED FROM PAGE 54)

In most small towns, the telephone book, which is perhaps half an inch thick, is not regarded as in need of beautification. It stays on the table beside the telephone instrument, and no one worries that it is not a work of art.

One group of ladies some time ago was inveigled into soliciting advertising from harried merchants (including bankers) for fancy imitation leather covers to contain these books. The bank was offered a place for its advertisement on the front cover—at a premium price, because it would be in full view all the time the book lay in the telephone niche. Just why advertising would be any more suitable on the fancy cover of a telephone directory than on the cover of the book itself, we couldn't quite figure. Perhaps we just don't have decorator "know-how."

SOME years ago a barber, who wasn't entirely satisfied with his "takings" for haircuts and shaves, evolved an unusual advertising scheme, of which he enthusiastically urged us to take advantage. He had set up a large rack, something like those old-fashioned photo-holders young girls used to fasten to a wall of their rooms to hold souvenirs



such as invitations, dance programs, snapshots, and what have you.

His idea was to get the merchants of the town to have small placard advertisements prepared for insertion in this wire contraption. It was on a wall facing the two barber chairs, and, as he said, "Folks are always wanting something to occupy their minds while they're getting haircuts and such, and every man who sits in one of those chairs will read every one of those cards." He offered us the prize place in the very center at "only a little advance" over the price of the other insertions. He felt sure it would get us a lot of business, especially since he would "speak a good word for us" and even check for us on the qualifications of those who might be interested in obtaining loans.

If you have quit saying "What's new?" and say "I remember when," you are getting old.

Sin is an old-fashioned word used to describe what is now called sophistication.

Most of us dislike being reformed by someone who is no better than we are.

The bride looked stunning and the groom stunned.

Many businessmen now would like to hurry along the sweet buy and buy.

When you have trouble, you learn which friends have been waiting with a paddle to find you bent over.

An executive is a man who is able to have everything he needs charged.

TRADITION: *The widespread acceptance of something which was at first of questionable merit—and still is.*

Reputation is a large bubble which bursts when you try to blow it up yourself.

A socialist is an unsuccessful person who figures his last chance to get something is to get a part of yours.

Man is an ambitious biped who struggles to eat, dress and live as well as every other biped—and if possible better.



Christmas Greetings

and best wishes
for a very happy
Holiday season

DESIGNERS
CONSULTANTS
CONTRACTORS

THE CUNNEEN CO.

PHILADELPHIA 7 • 1225 VINE STREET
PITTSBURGH 22 • 1302 CLARK BLDG.
LOS ANGELES 17 • 727 W. 7TH STREET

December 1954

149

A.B.A. Seeks Modification of Bankers BB Nuclear Fission Exclusion Rider

THE American Bankers Association is negotiating to modify a rider intended for attachment to all forms of bankers and brokers blanket bonds, which excludes all coverage for any loss resulting from the effects of nuclear fission, according

to James E. Baum, deputy manager of the A.B.A. in charge of the Insurance and Protective Committee.

In a letter sent to all A.B.A. member banks, Mr. Baum said: "During the past few weeks, many of our member banks have received from

their surety companies a new discovery rider, which is advantageous to banks. When issuing the discovery rider, however, surety companies also forwarded to banks another endorsement reading as follows:

Anything in the attached bond to the contrary notwithstanding, the attached bond does not cover any loss, in time of peace or war, directly or indirectly caused by or resulting from the effects of nuclear fission or fusion or radioactivity.

"From the letter to the banks which is used by many of the surety companies, it may be implied that the wording of the exclusion has been accepted by the Insurance and Protective Committee of the American Bankers Association. To avoid misunderstanding, the Committee desires to inform all member banks that whereas the discovery rider is acceptable, the other rider which adds an exclusion of coverage as quoted above has been neither accepted nor approved by the Committee.

Proposed Exclusion Too Broad

"We agree that the risk of loss from nuclear explosion is too great to be borne by the private insurance industry. However, the proposed exclusion for use in conjunction with bankers blanket bonds is much broader in its elimination of coverage than nuclear exclusions currently used in other forms of insurance, such as extended coverage, ocean and inland marine policies, including registered mail. We have, therefore, informed the Surety Association of America that the proposed exclusion is too far reaching or too broad in respect to any loss that might result from industrial uses of nuclear energy in peacetime. Our views will be given consideration by the Surety Association, but the result may not be known until late in November.

"In the meantime, the Insurance and Protective Committee wishes to make it clear to all member banks that the proposed exclusion is not acceptable in its present form.

"Some banks may have already accepted the rider in its present form; but if the Surety Association agrees to modification, a revised rider will be made available for substitution."

For Your Operations With

TURKEY

Look To The

AKBANK T.A.O.

Capital : TL. 15,000,000

Reserves : TL. 1,400,000

Head Office: ISTANBUL

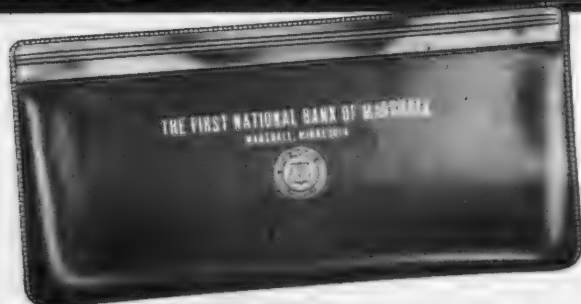
We Are Particularly Well Equipped To
Handle Any Type Of International Transactions

Cable Addresses

AKBANKUM For General Management

AKBANK For Branches

A Business Stimulator for Banks that WORKS!



Your depositors will never forget you when you present them with this distinctive DEPOSIT ENVELOPE of beautiful pure virgin Vinyl. Here's why—Deposits are usually brought to your bank in crude money bags or envelopes. *It's downright risky!* But when you present this quietly unobtrusive yet rich-looking, brown Vinyl envelope, they'll gasp in surprise. They'll be forever grateful. They've seen nothing like it—with its mystic, self-closing plastic zipper—an unusual gift they'll remember. Your imprint IN THREE line message and FDIC EMBLEM embossed in 24-karat gold. The cost? Less than you think! For effective, low-cost business-getters—**THEY WORK!** Write today for Free Sample Envelope & Prices.

HAZEL VINYL PRODUCTS CO., 1603 Delmar Blvd., St. Louis 3, Mo.



Picture of a mortgage on thin ice

Here may be the beginning of a costly lawsuit for the owner of this home. And if one of your mortgagors should find himself faced with such a problem, it could be costly to you.

Personal liability is one among many hazards that could well prevent a mortgagor from meeting his payments. When mortgagors are fully protected against these hazards, it stands to reason that they become sounder financial risks.

That's why we think you'll be interested in knowing more about North America's Homeowners Policy for the average homeowner. This is a single, convenient policy that combines the coverages of Fire, Extended Coverage and Theft on dwelling and contents together with Personal Liability protection.

North America's Homeowners Policy provides better insurance-to-value, better protection for the homeowner, thus adding to the financial stability of mortgagors. Its use is acceptable to the Veterans Administration and the Federal Housing Administration.

If you would like further information on North America's Homeowners Policy, we'll be glad to send it at your request.



NORTH AMERICA COMPANIES

Insurance Company of North America
Philadelphia Fire and Marine Insurance Company
Indemnity Insurance Company of North America

PROTECT WHAT YOU HAVE®

Philadelphia 1, Pa.



Putting money where it counts

American banks contribute to American leadership in office equipment production and sales.

...

Keeping tabs on business operations takes more than a green eyeshade today.

Now accountants face mountains of figures. Management must have comprehensive reports on production—sales—expenses—inventories. Preparing these reports has become a king-size job.

American ingenuity had to come up with newer, better, quicker methods. The result is an office equipment

industry with annual sales of a billion dollars plus!

Here's Where Banks Figure In
Timely loans from commercial banks help manufacturers stock raw materials, build new plants, expand old ones, establish markets.

But they don't stop there. With some business machines tagged at \$10,000 or more, it costs money to buy or lease them as well as make them. Backed by bank loans, businesses all over the country are able to install the machines they need.

Better Living for All

Mechanizing the office has turned out to be a great boon for white-collar workers. Their productive capacity

has been multiplied wherever these machines go. Much tedious detail has been eliminated.

Add it up. You'll find that bank loans like these help *all* Americans—including *you!* Just by putting money where it counts, your commercial banks help create: 1) better jobs for men and women, 2) returns for investors, 3) a healthier economy, and 4) better living for the American people.

The Chase National Bank, first in loans to American industry, is proud of banking's contribution to the progress of our country.

The CHASE National Bank
OF THE CITY OF NEW YORK
(Member Federal Deposit Insurance Corporation)

Electronics Bringing "Office Revolution"

THOMAS J. WATSON, JR., president of International Business Machines Corporation, told officers of 50 banks in metropolitan New York that developments in high-speed data processing by electronic equipment "show we have the building blocks to substantially revise book-keeping and accounting methods and make them cheaper than ever before."

Reviewing electronic equipment developed in the last few years, Mr. Watson said that one new machine was "a true bridge step between punched card machines and electronic data processing machines."

"These machines will have tape input and card input, and tape and card output, as well as some sort of printing output, so that with that machine, and the machines we produced during the Korean incident, we begin to combine operations," he asserted.

"In your present installation many of you have to sort, collate, punch, and then finally tabulate for your final reports. These machines can essentially do many of those things, and in some cases all of them at once."

"Of course I don't have anything for security—that's exactly what I want the money for!"



Mr. Watson also said that a machine which stores 500 digits per inch on a tape would soon be announced. The current storage capacity is 200 digits.

"The situation is bringing about what we think of as an office revolution," he asserted.

Good judgment comes from experience and experience comes from poor judgment.

Hope is the feeling that you will succeed tomorrow in what you failed at today.

Common and Preferred Dividend Notice

October 27, 1954

The Board of Directors of the Company has declared the following quarterly dividends, all payable on Dec. 1, 1954, to stockholders of record at close of business Nov. 5, 1954:

	Amount per Share
Preferred Stock, 5.50% First Preferred Series	\$1.37½
Preferred Stock, 4.75% Convertible Series	\$1.18¾
Preferred Stock, 4.50% Convertible Series	\$1.12½
Common Stock	\$0.35

W. J. Hines
Secretary

TEXAS EASTERN  *Transmission Corporation*
SHREVEPORT, LOUISIANA

SAFeway STORES INCORPORATED

Common and Preferred Stock Dividends

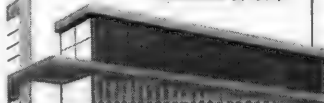
The Board of Directors of Safeway Stores, Incorporated, on Nov. 9, 1954, declared the following quarterly dividends:

60¢ per share on the \$5.00 par value Common Stock.
\$1.00 per share on the 4% Preferred Stock.

\$1.07½ per share on the 4.30% Convertible Preferred Stock.

Common Stock dividends are payable December 15, 1954 to stockholders of record at the close of business December 2, 1954. Dividends on the 4% Preferred Stock and 4.30% Convertible Preferred Stock are payable January 1, 1955 to stockholders of record at the close of business Dec. 2, 1954.

MILTON L. SELBY, Secretary
November 9, 1954



WHY PASS UP EXTRA COMMISSIONS?

Leading pushbook manufacturers now list several territories open for aggressive men calling on banks to sell all types of pushbooks and pocket check books. Commission basis.

WILLIAM EXLINE INC.
ONTARIO BLDG. + CLEVELAND 13, OHIO

Look at the State we're in!

Between 1950 and '53 in ARIZONA:

Population grew	24%
Manufacturing Employment	81%
Bank Capital	43%
Bank Deposits	36%

And Arizona income increased 47% ...

Retail sales grew	35%
Value of Manufactures	120%
Farm Income	43%
Tourist Expenditures	50%

... and we're still
growing strong!

35 OFFICES

HOME OFFICE
Phoenix



Largest Bank in the Rocky Mountain States
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



**To our "family" of correspondent banks
throughout the country and the world:**



We extend to you not merely greetings of the season—and every good wish for personal happiness and business success in the year to come—but our thanks for the warm relationship that you have brought to our common undertakings.



The First National Bank of Chicago

Building with Chicago since 1863

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

New Books

BIG ENTERPRISE IN A COMPETITIVE SYSTEM. By *A. D. H. Kaplan*. The Brookings Institution, Washington, D. C. 265 pp. \$4. This study finds that big business "undertakes the role of coordinating individual efforts and resources into collective achievement," a necessary function, whether performed by private enterprise or the state. In this country "it has been possible so to mix dispersion with centralization that the major job can be left to private competition, under government regulation. Big business has not merely been kept effectively subject to a competitive system; on the whole it has also made an essential contribution to its scope, vitality, and effectiveness."

THE GROWTH OF PHYSICAL CAPITAL IN AGRICULTURE, 1870-1950. By *Alvin S. Tostlebe*. National Bureau of Economic Research, Inc., New York. Dr. Tostlebe, professor of agriculture at The College of Wooster, expects "a continuing growth in the importance of capital with labor," reflecting the widespread adoption of technological improvements. "Farmers in the U. S. use 127% more capital today than 80 years ago."

GOLD TODAY. By *Joachim Joesten*. David McKay Co., New York. 182 pp. \$2.75. The story of "the mining, hoarding, swindling, smuggling, and political importance" of the yellow metal.

LAW AND PRACTICE IN CHATTEL SECURED FARM CREDIT. By *Glenn R. Coates*. University of Wisconsin Press, Madison. 102 pp. \$2.75. A "law-in-action" study that discusses basic legal principles, forms used by lenders, making and securing, loan and collecting the loan, and protecting the creditor against third parties. The author also attempts to measure the effect of the proposed Uniform Commercial Code on business practice as well as present law.

HANDBOOK OF ACCOUNTING METHODS. Edited by *J. K. Lasser*. D. Van Nostrand Co., Inc., New York. 1,139 pp. \$12. New second edition. Specific accounting information for 85

businesses, industries, and economic activities; also an outline of essential principles and the general nature of systems and controls.

THE 20TH CENTURY CAPITALIST REVOLUTION. By *A. A. Berle, Jr.* Harcourt, Brace & Co., New York. 192 pp. \$3. Based on lectures under auspices of the Julius Rosenthal Foundation, this book studies the corporation as a quasi social and political institution.

SAVINGS AND LOAN FACT BOOK 1954. United States Savings and Loan League, Chicago. 71 pp. The League's first statistical handbook, providing members and the public with information on the thrift and home-financing business.

AN INTERNATIONAL ECONOMIC SYSTEM. By *Jacques J. Polak*, University of Chicago Press, Chicago. 175 pp. \$4.75. "A dramatic demonstration of the international propagation of business cycles in the interwar period."

Other Books

PROFIT AND LOSS BUDGETING. By *W. D. Knight*. University of Wisconsin School of Commerce, Madison. 62 pp. \$1.15. A case study of three manufacturing companies.

EUROPEAN PAYMENTS UNION. Organization for European Economic Cooperation, Washington, D. C. 126 pp. \$1. Fourth annual report of the managing board.

INVESTMENT TRUSTS AND FUNDS. By *Stanley D. Ryals* and *David F. Cox*. Arco Publishing Co., Inc., New York. 94 pp. \$2. Information and advice for the investor.

EUROPE. Free Europe Committee, Inc., New York. 146 pp. \$1. Nine panel studies by experts from Central and Eastern Europe.

Books Received

FOREIGN POLICY ANALYSIS. By *Felix Gross*. Philosophical Library, New York. 174 pp. \$3.75.

STONE AGE ECONOMISTS IN THE ATOMIC AGE. By *Olaf Nelson*. Pageant Press, Inc., New York. 160 pp. \$3.

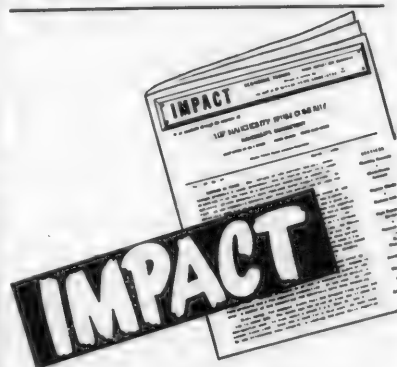
BANKING SYSTEMS

edited by

B. Haggott Beckhart

A definitive comparison and authoritative account of the banking systems of sixteen countries, here is the only book that contains such information for the period since World War II. It contains complete, concise descriptions of the banking systems — each written by an expert — of Australia, Brazil, Canada, Cuba, France, Western Germany, India, Italy, Japan, Mexico, the Netherlands, Russia, Sweden, Switzerland, the United Kingdom and the United States. \$13.50

**COLUMBIA
UNIVERSITY PRESS
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... the economic digest, contains each week a survey of the current business climate, articles dealing with specific aspects of commerce and industry, and a statistical summary of commercial and industrial activity. Impact has been depended on for years by the most valued customers of leading commercial banks.

A letter will place your name on our mailing list for a few specimen copies.

IMPACT

149 Broadway, New York 6, N. Y.
A Business News Associates Publication

News for Country Bankers

(CONTINUED FROM PAGE 62)

as follows: (1) farm visits; (2) meetings and civic activities; (3) agricultural promotional activities; (4) news column and speeches; and (5) advice to bank officers.

While speaking about his farm visits, he said: "As I ride through the country, I always stop and talk to any farmer I see working in his field, if time will permit. Through these friendly visits I get to know the farmers personally, and get a pretty good indication of the kind of farming operation each is performing. These short visits also afford the farmer an opportunity to get to know me and through me to get to know the kind of banking services our bank is offering.

"My visits are not confined to farms, but include the places of business which deal primarily with farmers, such as feed, seed, and fertilizer dealers."

Land Judging Contest

SOUTH DAKOTA'S first major land judging contest was successful, according to Virgil Mathews, farm representative of Mitchell (S. Dak.) National Bank, which sponsored the event. More than 290 contestants were entered, which is a good indication of the program's success.

"As bankers in an agricultural area, we feel that promoting better knowledge of soil and farming is worthwhile," said Mr. Mathews. "As a result of this first annual land judging contest, farmers around here know their land better and have expanded their farming ability."

Contestants from 11 Southeastern South Dakota counties were divided into four divisions: Future Farmers of America; 4-H; Veteran Farm Trainee; and the open division. Plaques and cash prizes were awarded top three winners in each division. Bronze, gold, and silver medals were awarded other FFA and 4-H winners. The originally designed medals promoted "know your land" and "balanced-farming," both themes of the contest.

The contest was sponsored by the bank with the cooperation of the Soil Conservation Services and other South Dakota Agencies.



Mr. Mathews, standing, watches while several young contestants get expert advice on how to judge soil. Following the demonstration, the youths tried their own skill at the judging sites

PUBLICATIONS

Growth of Physical Capital

ANOTHER in a series of basic studies of long-range development in capital formation and financing undertaken at the National Bureau of Economic Research, Inc.,* has been completed. It is entitled *The Growth of Physical Capital in Agriculture 1870-1950* and was written by Alvin S. Tostlebe, professor of economics at The College of Wooster.

Dr. Tostlebe believes that the capital requirements of agriculture will continue to increase. He expects a "continuing growth in the importance of capital compared with labor, a reflection of the widespread adoption of technological improvements."

*261 Madison Avenue
New York 16, New York

Farming for Profit

AN illustrated brochure published cooperatively by the South Carolina Bankers Association and the Clemson Agricultural College, entitled "Farming for Profit," includes sections devoted to a discussion of these topics:

"Productive Soils Are Profitable Soils"; "The Modern Business of Farming"; "Profits Are What We Want — Sales — Costs — Profits"; "Shoestrings Don't Stretch — Fixed

Costs Can't Be Cut . . . Variable Costs"; "Quality Counts"; "Pasture Payoff"; "Tale of Two Farms (a run-down farm and a productive farm)"; "Call on Clemson"—an invitation to consult college agricultural scientists; "Farmers Bank on You"—how the banks are prepared to help the farmer; and "Fertilizer Recommendations for South Carolina."

1953 Costs and Returns

THE new U. S. Department of Agriculture booklet, *Farm Costs and Returns 1953* (Agriculture Information Bulletin No. 128), was prepared by several agricultural economists attached to the Department and is available from the Superintendent of Documents, U. S. Government Printing Office, Washington, D. C.

This study tells the costs and returns story by means of text, several good charts, and 26 tables.

First Place for Banks

COMMERCIAL banks get the first mention as a source of credit in an attractive little folder published by Cooperative Farm Credit in Springfield, Mass. The folder is entitled "Getting and Using Farm Credit" and includes 10 aids to help build and maintain a good credit standing. The folder is designed for distribution by farm lending agencies.

BANKING'S ADVERTISERS

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To value automobiles intelligently in today's fast-moving market, you must have access to prices based on actual facts, compiled and published while they are *current*, to represent the existing market where you are doing *your* business.

Some years ago it was possible to keep abreast of market conditions with publications that came out every 60 or 90 days. Rapidly-changing prices today, however, demand a more frequent appraisal. In the NADA Official Used Car Guide, published with new prices *every 30 days*, you'll find the latest available information, gathered from thousands of reputable car dealers all over the country — and reported in six separate editions covering six regions.

Yes, financing automobiles is real money, and that's why more financial experts rely on the NADA Official Used Car Guide than on any other publication of its kind.

only \$7 per year
(quantity prices on request)

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**NATIONAL AUTOMOBILE DEALERS
USED CAR GUIDE Co.**

1026 17th STREET, N.W. • WASHINGTON 6, D.C.

The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 33)

tober, and the cement people will benefit by the vast new road building programs that lie ahead.

The recent rise in retail sales was supported by a \$30,000,000 rise of instalment credit in September to \$21.34-billion which, however, was still \$7-billion lower than 12 months previously.

Retail spending, which is expected to be as good this holiday season as it was last year, is also supported by savings. Nesteggs of all kinds and descriptions are rising. Christmas Club savers, 12,000,000 strong, are getting checks totalling nearly \$1.1-billion, a new record, and 4.5% more than a year ago.

Foreign Trade

Curiously enough, a liberalized tariff policy may be one of the most significant results of the election. The prospective Democratic chairmen of the Senate and House committees handling these matters are strong advocates of President Eisenhower's trade program.

Foreign traders feel that the Randall Report recommendations on reciprocal trade agreements and customs simplifications, among other controversial measures, will get a warmer reception from a Democratic-led House Ways and Means Committee and Senate Finance Committee. In fact, it is possible that the White House program on foreign trade may be the first order of business for these committees in January.

The Bricker amendment to limit Presidential treaty-making powers, which will come up early as well, will undoubtedly find the new Democratic leadership aligned with President Eisenhower in opposition to it. If enough bipartisan votes cannot be mustered, the bill will be watered down to a form acceptable to the White House.

Housing

The feeling is general that residential construction and other categories, too, face a boom period. Contributory reasons are the high rate of population growth, the easier provisions of the new Housing Act, record savings and the desire for better, modern homes.

Our statistics on population, marriages, and family sizes are much better than information on the prices and characteristics of houses being built. We do know that during the first part of this year three-fourths of the veterans' insured homes sold for more than \$10,000, and we can assume that the same trend toward better homes and higher mortgage loans existed throughout the industry.

The latest estimates of the Census Bureau show a rate of population increase in excess of 2,750,000 yearly. Also, the number of families with three or four children is increasing in the middle and higher income groups where there is a desire for better homes and the ability to pay for them.

Veterans are still a dominant factor in the picture. There are 18,000,000 of them eligible for GI home loans. Only 3,500,000 have borrowed under the special provisions of the act and officials close to this situation expect 5,000,000 or 6,000,000 more to do so before the privilege expires. This means possibly 40,000 such loans monthly for the next few years.

Federal construction has been tapering off because of cuts in the budget. The chief areas of non-Federal governmental construction have been and will continue to be highways and schools, and the total is expected to be higher next year than in 1954.

While private industrial construction production has been declining and is down 11% compared with last year, the total of private construction, including commercial, public utilities, and residential, is ahead of 1953 by 5%.

Autos

In the automobile field, new models have been brought out a little earlier than usual and probably some of 1955's business is being pulled into this year. Present optimism in this industry is well diluted with misgivings about the longer future. Labor leaders in the Middle West are too close to the job situation to be entirely happy and are known to feel that the automobile production schedules, with their heavy output concentrated in the first half of 1955, practically assure unemployment in the second half.

All this assumes difficulty in selling the output, and there may be ground for some concern.

Almost everyone has had the experience of thinking about getting a new car and then looking at the old one standing shiny in the driveway, and thinking, why? There is also another experience familiar to millions of car owners which can be verified by anyone who takes the trouble to query a few friends. It is hard to find anyone today who has been solicited in recent years by a dealer to buy a car. If one wants a car he goes to a dealer, whereas in the dear dead days beyond recall it was the custom of dealers to sell cars.

The magnificent selling and advertising job being done on the new models springs chiefly from the top of the industry and is intended to bring the people to the dealers. Perhaps more selling directed at the dealers would make them come to the customers, and the two would meet half way.

One of the best signs of underlying improvement is steel production. This is about even with consumption. Demand from the automotive industry has been a big factor in this, and, if the housing boom materializes as expected, there will be more buying of steel for home appliances and equipment.

Watch Employment Closely

The thing to watch particularly is employment. Figures are frequently distorted by withdrawals from the labor force for school and other reasons and by the constant rise in labor force through increased population. On the whole, this figure has been showing a healthy trend, slightly better than seasonal.

WILLIAM R. KUHN

BANKING

THE BANK OF TORONTO

ESTABLISHED 1856



annual statement

condensed general statement as at October 31, 1954

ASSETS

Cash Resources (including items in transit).....		\$ 98,086,801
Government of Canada and Provincial Govern- ment Securities.....	Not exceeding market value	206,161,497
Municipal and Other Securities.....		32,647,831
Call Loans (secured).....		9,743,101
Commercial and Other Loans.....		231,919,812
Mortgages and Hypothecs insured under the N.H.A., 1954		2,404,365
Bank Premises.....		9,711,708
Customers' Liability under Acceptances, Guarantees and Letters of Credit, as per contra.....		2,880,287
Other Assets.....		8,214
		<u>\$593,563,616</u>

LIABILITIES

Deposits.....	\$564,272,178
Acceptances, Guarantees and Letters of Credit outstanding...	2,880,287
Other Liabilities.....	1,739,779
Capital paid up.....	\$6,000,000
Rest Account.....	18,000,000
Undivided Profits.....	671,372
	<u>24,671,372</u>
	<u>\$593,563,616</u>

STATEMENT OF UNDIVIDED PROFITS (Eleven Months)

Balance of profit for the eleven months ended October 31, 1954 before deducting the undernoted items, but after making transfers to contingency reserves out of which full provision has been made for diminution in value of invest- ments and loans.....	\$ 3,506,629
Less:	
Provision for Depreciation on Bank Premises \$ 648,268	
Provision for Taxes on Income..... 1,488,010	2,136,278
Balance available for Distribution.....	\$ 1,370,351
Dividends..... \$ 840,000	
Provision for Extra Distribution to Share- holders payable December 1, 1954..... 180,000	1,020,000
Balance carried forward.....	\$ 350,351
Balance of Undivided Profits, November 30, 1953.....	321,021
Balance of Undivided Profits, October 31, 1954.....	<u>\$ 671,372</u>

B. S. VANSTONE, *President*



WM. KERR, *General Manager*

A New Business Builder for Banks

The Family Dollar
MAGAZINE WILL HELP KEEP
YOUR NAME, LOCATION AND
SERVICES BEFORE YOUR
PUBLIC THE YEAR 'ROUND

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- 2 colors throughout
- Four quarterly issues—February, May, September and November
- Standard title—**THE FAMILY DOLLAR**—making for unification of promotion effort on local and national scale
- Bulk subscriptions as few as 500 copies each quarter
- Choice of ads for back cover, or your own special ad
- Your signature imprint on both outside covers
- Special 4-page insert feature if desired
- Current editorial matter—all aimed at family readership

SPECIAL DIVIDENDS

- Occasional releases for local papers on **FAMILY DOLLAR** material

ORDER NOW! Fill in and return the order form sent to you with President Livingston's letter of October 29. Additional copies of the magazine, prospectus and order form may be obtained by writing to **ADVERTISING DEPARTMENT, American Bankers Association, 12 East 36th St., New York 16, N. Y.**

• • **AMERICAN BANKERS ASSOCIATION** offers its members this new magazine for local distribution to their customers and friends.

• • **SUBSCRIBE NOW!** You couldn't launch your *Family Dollar* program at a better time! There's a big year just ahead for American business and that means banking!

• • **NEXT YEAR** you can expect more than one million new homes started and a big increase in modernization of old homes.

• • **THIS MEANS A BIG INCREASE** in appliance sales and financing—more built-in features than before—more ranges and ovens, washers, refrigerators, kitchen cabinets, more combination washer-dryers, air conditioners, television.

• • **IT MEANS ADDING** space and rooms, finished attics and basements, landscaping and gardening, insulation, enclosing porches and breezeways, building and converting garages.

• • **IT MEANS MANY** new automobiles and electrical modernization jobs, new furniture—**NEW BANKING!**

• • **IT MEANS THERE'S A LUCRATIVE FIELD** waiting for the banker who sets his sights now for the big upward surge in home building and modernization next year. Get your share of this new business, and let *The Family Dollar* magazine help you get it.

• • **Ex-President Everett D. Reese** has this to say about *The Family Dollar*:

"I am very enthusiastic about the whole project. I am very much impressed with the format and think you have a grand idea that is worthwhile."

• • **DISTRIBUTION . . .** Many banks have arranged to distribute *The Family Dollar* from some point in the lobby. Some plan to use it as a "get-acquainted" medium at the new account desk, or when making officer calls. Others will mail it to these individuals or special groups:

Architects
Barber Shops
Beauty Shops
Builders
Building Supplies
Community Organizations
Community Welcome Groups
Day Rooms (Military)
Doctors & Dentists
Finance Forums
Home Decorators
Hospitals (Federal & Public)

Newly Married Couples
Newspapers
Parent-Teachers' Groups
Present Good Customers
Previous Good Customers
Public Libraries
Realtors
Schools & Colleges
Staff Members
Stockholders & Directors
Women's Clubs
Your Neighbors

• • **SUBSCRIPTION AND COST . . .** Annual subscriptions will be accepted on the basis of 500 or more standard copies of each of the four quarterly issues at the rate of 8¢ per copy. Bulk shipments forwarded **F. O. B. New York.**

The Family Dollar



SHE SIGNS YOUR DOLLARS

Your Financial Health!

The Shape of Things to Come

Dollars Go 'Round and 'Round

More Home for Today's Money

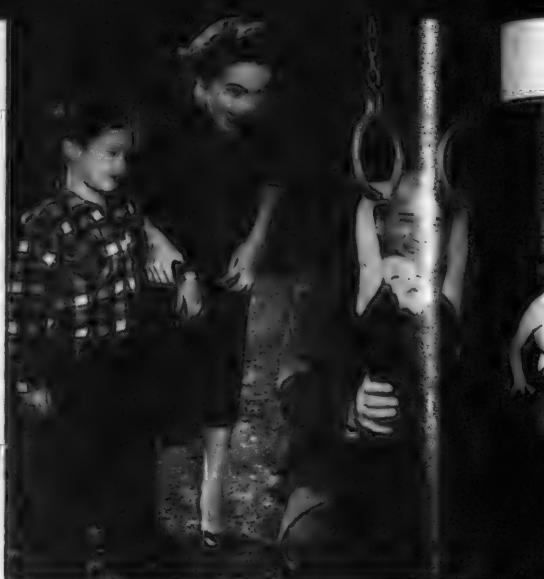


Photo above shows Barbara Britton taking time off from her chores as Pam North in the NBC-TV mystery series, "Mr. and Mrs. North" to join the family gym group. With Barbara are her husband, Dr. Eugene Czukor and their two children, Teddy and Christopher.

Four members of a star family group, the Ozzie Nelsons, bring top-flight entertainment to millions on the ABC-TV show, "The Adventures of Ozzie and Harriet." With Ozzie and Harriet are sons, Ricky and David.



It's all in the



FAMILIES are interested in families! That's why more and more families and their day-to-day problems about money management are presented as central themes of today's television and radio programs, in newspapers and magazine articles.

What is the reason for this growing interest in the affairs of the family? First, there is a tremendous upsurge in the average human's interest in a better kind of living for himself and his loved ones. He senses the great opportunities that lie ahead, and the chances for a substantial upgrading in his standard of living. To realize a fulfillment of his hopes he has a natural desire to find the answers to his own problems and those of his family.

Television is helping to simplify his role, and that's the reason for the family trend in TV.

The TV stars on these pages have two things in common—a real family life at home, and a way of bringing happiness to millions of their fans with scenes that touch on family problems and situations.

With the successful presentation of the CBS-TV "George Burns and Gracie Allen Show" this popular couple have shown the full measure of their distinctive talents.

The Shape of Things to Come

THE TECHNICAL PROGRESS of this generation is so far ahead of its economic understanding that we are living in two different eras at once, several centuries apart.

The greatest period of material advancement in history is possibly just before us if we can see to it that our knowledge of dollars and cents keeps pace with our knowledge of the atom, the electron and the machine.

If we don't, then our swift technological progress may be simply the means of going backward faster.

WE'VE ALL HEARD it said in hundreds of ways and we'll hear it again many, many times that if this nation is ever destroyed it will not be by atom bombs but by ignorance of basic economic facts.

Here's the trouble: While the mysteries of atoms and electrons can be left to experts, the mysteries of dollars and cents are a daily responsibility shared by all of us, particularly that oldest of all economic units, mom, pop and the kids.

THE NUMBER OF FAMILIES in the United States is growing about 1,000,000 yearly. By 1960 our total population will be nearly 180 million, and is adding each year enough to make a city the size of Los Angeles.

Wonderful people these statisticians and scientists! They can tell us about the challenging opportunity of the future but they can't tell us what we are going to do about it.

OUR AVERAGE FAMILY INCOME now exceeds \$4,000 yearly and we need it because we are having about 4 million babies a year. Out of the family dollars must come homes, food, savings, clothing, churches, education, travel, health, amusement, new cars, kitchens, washing machines and all the essentials of better living.

NO WONDER family finances are an inescapable topic in television, radio and the printed word! You can't dig far into any family without running into money for this and money for that.

DR. HELEN S. G. CANOYER, *Dean of the New York State College of Home Economics, Cornell University*, and nationally known leader in family financial education, says it this way:

"For the first time in human history, a world without poverty and without war is technically possible . . . Ideas can keep pace with techniques. But—if our nation is to continue to take advantage of the great opportunities offered by our own form of free enterprise; if we are going to help a free world to survive—then ideas and understanding must spread beyond the circle of 'the experts' and 'the leaders' to every single individual.

"Our judgment cannot be better than our information. We are probably the most propagandized generation in history. Our ignorance of simple economic principles is shocking and frightening—particularly when we realize that our decisions will control not only our nation's situation but the world's.

"This means that every American citizen should become better informed about the basic principles of economics. There is a great need for economic education at the grass roots level so that the people of the United States may realize the great opportunities and advantages of this free economy of ours."

THE NECESSITY FOR ECONOMIC understanding is obvious and will test our fitness to assume the great responsibility that history has put upon us.

WILLIAM R. KUHN, EDITOR OF BANKING



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h Ozzie

ale Storm who plays the role of bubble-
headed Margie Albright in NBC-TV's com-
edy series, "My Little Margie" is pictured
with her husband, Lee Bonnell, and their
three boys, Paul, William, Peter and Phillip.

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Mother's little helpers indeed are Connie
and Lisa, adopted daughters of Eve Arden,
star of CBS-TV's "Our Miss Brooks," who
appreciates a hand in the kitchen after a
day at the studio.



Dollars Go 'Round and 'Round

It's Easy to Borrow at a Bank

by H. Eugene Dickhuth

*I*F people had all the money for the things they want and need all the time, there would be few reasons for banks to exist. Banks would still cash checks and keep savings, in addition to other functions, but their main function, that of lending money, would be gone.

Since times biblical, individuals, storekeepers, business men and governments have encountered lean and fat years. Circumstances often make it impossible for human beings to lay aside enough savings during good times to provide for their upkeep and emergencies during the lean years which follow as inevitably as high tides follow low tides.

Also, under modern American business conditions, bank loans have enabled millions of people to start a

business, double or treble its size, improve it so that it became more profitable, and pay the mortgage and other debts, and in general improve their standard of living.

IN AMERICA, particularly, borrowing from a bank is often advantageous in the sense that it has enabled the householder and businessman to take advantage of bargains, or to buy a more up-to-date automobile, which helped to make more and better sales or carry the children to school more safely.

Moreover, to be in debt and pay it off properly has created a new class of affluent Americans—farmers, bookkeepers, housewives, businessmen—all white- and blue-collar workers, in fact. Having once or several times proved that they are "good credit risks," they are welcomed with open arms by merchants to start charge accounts. These make it possible for people to buy what they see on the spot and pay when their salaries or bills are paid. Only in America has this system been perfected to such a fine point.

The war provided irrefutable evidence that the overwhelming majority of the American people are not only

"good credit risks," but go beyond that to pay their debts. After a generous Washington Government passed laws which exempted servicemen and women for the duration from paying certain of their debts, banks and other lending institutions were literally swamped with voluntary payments from soldiers, sailors, airmen, and marines who wanted to liquidate their prewar loans out of surplus service pay.

Today, the established policy is to make it easy to borrow and easy to pay back. Very often banks agree to put back the loan to the original amount, long before it is fully paid, if they recognize it is necessary. Most of the time, such cases are in the mutual interest of both the borrower and lender. It keeps the dollars going 'round and 'round, to pay grocery and doctor bills or contractors for new roofs which preserve properties.

IT IS EASY THESE DAYS to borrow money. All that is necessary is to walk into the bank you do business with or intend to do business with and say, "I would like to apply for a loan." Since the bank is lending the money of other depositors, or funds it holds in safekeeping for the Government, it is required to keep a strict accounting of what it does.

Therefore, it is necessary to fill out a form. The information which the bank must show to the bank examiners and which you, the borrower, must furnish, naturally, comprises such data as your name, address, and your business.

Also, the amount you would like to have and for how long; whether you have other loans outstanding and for how much; and what your income is from salary and business. In case you are an independent businessman, it may be necessary to show the last balance sheet and profit account.

A bank loan in any part of the country usually is completed very quickly these days. After the application has been received, routine checks are made with credit agencies to find out how the applicant has paid his bills in the last few years, whether rent or mortgages are in arrears, whether or not the purchase of such and such an automobile is actually scheduled, and other data.

IN THE LARGER CENTERS, the bank in question is apt to call and find out whether you are at the telephone you gave, in case you are not listed. If all turns out reasonably well, you receive your check in the mail, or whatever the amount is will be credited to your account. That's the end. Then, it's up to borrower to pay it back in agreed monthly payments.

Since most of the people in the United States, rightfully in quest of a fuller and richer life, have not all the money for all the things they want and need all the time, they have found it profitable to borrow from the banks and the banks' prime business is to lend money.

Trillions In Checks Yearly

WHILE BANKS do not have tangible things to sell like clothing and furniture, they do sell vitally important services. There are various kinds of banks, such as commercial and savings, and here we'll look at just one service—checks—provided by commercial banks.

A bank's chief sources of income are the interest received from the money it lends, or investing the depositors' loanable balances over and above the required reserves, and the charges for services rendered.

There are some 50 to 60 such services offered by banks. These include: auto loans, banking by mail, business loans, checking, educational loans, executorships, farm equipment loans, farm production loans, GI loans, home appliance loans, life insurance loans, mortgage loans, personal loans, repair loans, safe deposit, savings, living trusts and trusts under wills. All banks do not provide all of these services but any one of them can help you get the service you need.

Approximately 90 per cent of the transactions involving money are done by means of checks. Last year the volume of dollars put through the banking system by check reached a new high of \$2.5 trillion. Few outside of banking realize the amount of efficient machinery and trained personnel it takes to handle this tremendous volume of work. Experienced officers, competent tellers, clerks, bookkeepers, and costly mechanical equipment are required to do the job speedily, accurately and to the customer's satisfaction.

"Let's just forget about my being overdrawn and start all over again! Where's your new account window?"





ONCE UPON A TIME, so the story goes, there was a canny, powerful king who ruled a great and prosperous country. There came a time, however, when things were not going so well and there was great distress and hunger throughout the land. The king decided that the thing for him to do was find out everything that was known about economics so that he could do something for his people. He called in all the experts in his kingdom and told them to get to work and prepare for him a complete and brief text on economics.

A short time passed and they all came back, assembled in the great hall and presented the king with 110 volumes of 500 pages each.

The king did not like this very well and liquidated some of the experts, and sent the rest out to bring in a complete but short text on economics. After another fairly brief period they came back, this time with about a dozen big volumes. The king was very angry this time and liquidated a few more experts, sending the rest back to work. Years passed, then they returned and the Chief Expert, whose beard was very long by this time, reported that they had reduced the subject to these nine words, "*There is no such thing as a free lunch.*"

More Home for Today's MONEY!

by Miles L. Colean

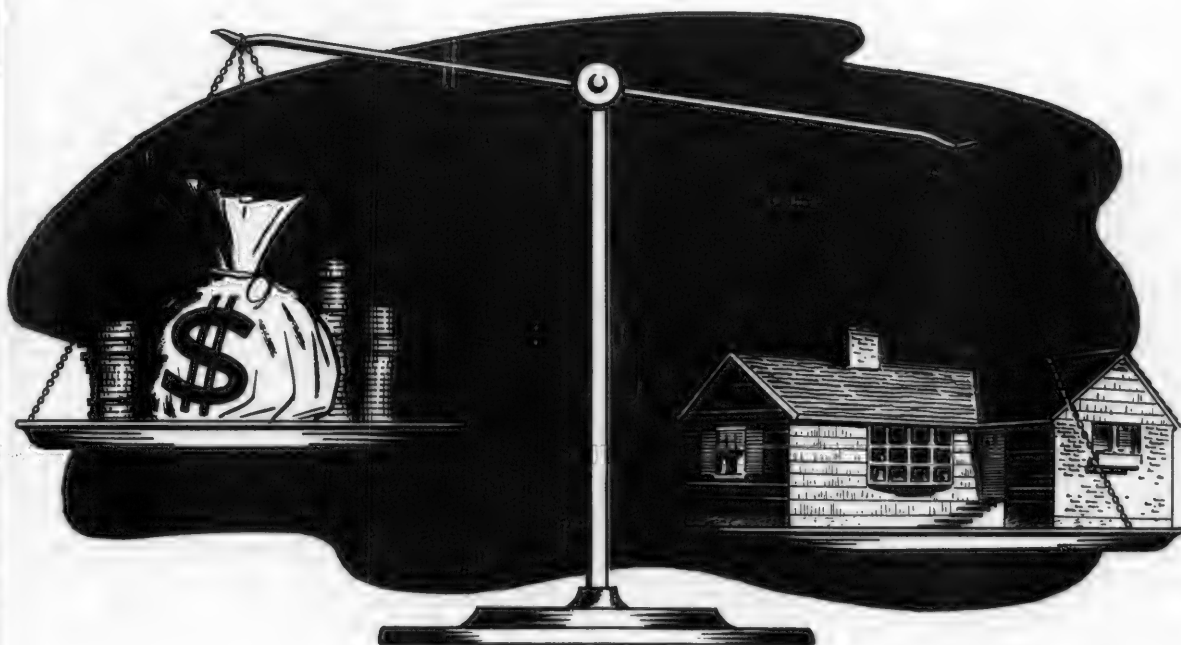
HOW do you get more home for the money? Not by waiting for houses to get cheaper; but by taking every possible advantage of the present advantageous market.

Families who wait for lower prices not only deprive themselves of the enjoyment they might be having from a new home now, but in the end they may find their wait was fruitless. No substantial drop in price, either for new houses or good old ones, is likely. Building materials prices, wages of construction labor, and construction cost as a whole promise to be unusually stable.

The prices of older houses are sagging now and will continue to do so—but because of the things they lack, which cost money to provide. In other words, the more antiquated the kitchen, the heating system, or the plumbing, and the poorer the state of repair, the lower the price of an old house will be; and, as it gets more and more out-of-date, its price will likely fall still farther. But that doesn't necessarily mean a bargain. The modernization of an old house requires the same kinds of materials and labor as a new one—and each year brings some new things that are needed for a thorough modernization job. So again, waiting for prices to go down doesn't hold out much prospect of real saving.

There are, however, a number of real advantages in today's housing market. Labor is eager to work, and builders are eager to please. There is an ample supply of products for both new building and modernization. And, as has been noted, prices are steady. The old problems of uncertain cost, of not being able to get work

There is no shortage of mortgage money for well built homes in good neighborhoods, where the borrower can offer a reasonable downpayment and can pay off the loan within 20 to 25 years.



done promptly, of having to accept substitutions, are no longer with us. You can get done what you want done, when you want it and at a dependable figure. Normal building conditions are with us once more.

Build and Modernize Now

So it is a good time to go ahead with building and modernizing. It is also a favorable time for borrowing.

Speaking of favorable times for modernizing—none could be better than *now* for equipping your home with good temperature control for the summer months ahead. It's a foregone conclusion that insulation is a *must* for controlling temperatures in the home. Any warming or cooling device will do a better job if your home is well insulated—and do it *cheaper*.

Big fuel savings which insulation makes possible in American homes are officially noted in a recent British report. Written by a team of experts on fuel, heat and energy, the report points out that insulation can

pay for itself in *four* years through reduced fuel consumption. The British team came to this country under the Marshall Plan's program of giving European countries the benefit of American methods and experience.

"The cost of insulation," the report stated, "is so small and the potential savings so great," that it recommended loans for home construction be made only in cases where adequate insulation is provided for in the building plans.

"In an uninsulated house," it stated, "at least 25 per cent of the heat escapes through the roof and ceiling construction, and about 70 per cent of this loss is prevented if the roof is insulated in a simple manner, that is, by placing a simple, cheap and convenient form of insulating material between the roof rafters and above the ceiling." Effective insulation of the walls, in addition to the attic, will substantially increase the fuel savings per heating season, the report stated.

It Pays to Keep Records for

by Herbert Bratter

Tax Returns

AS AN INCOME TAXPAYER, Federal or state, you should keep good records of deductible expenses, contributions and the like, because the tax authorities may ask for proof thereof even two or three years after you have filed your return. You should make and keep similar records of income you receive at the time you receive it, not afterwards.

Such record keeping may at first seem like a burdensome chore, but it need not be. If you form the habit, it will be very little trouble. And you will find records useful not only for possible showing to tax collectors, but for personal and family reasons. For instance, if you have a theft or fire, or if you miss an item, the insurance company may ask for proof of cost.

ONE OF THE BEST FORMS of record keeping of income and expenditures is a personal checkbook. When you make a payment with a check, the cancelled check returned to you with your bank's monthly statement is the best kind of receipt, especially if you have taken the precaution to write in the corner of the face of the check the purpose for which it was drawn. Also, when you draw a check you should note on the stub the purpose for which it is drawn. If the stub does not contain enough room for a full explanation, you may use the back of the stub for this purpose.

IF YOU HAVE NO CHECKING ACCOUNT, you may still keep desirable records of income and outgo. In fact, every head of a household should have an account book, a bound book such as may be purchased inexpensively at a dime store. In one part of this book you should enter any income you receive, the date, and the purpose of the income. In another part of the same book you should enter in a similar fashion payments you make. This is not a budget; it is keeping accounts.

For tax reasons receipted and paid bills should be filed and kept for at least four years; and, for the in-

surance purposes mentioned above, indefinitely. You may keep receipts in a large envelope, placing them therein in the order in which paid. Better still, secure a "letter file" containing alphabetical divisions. This will provide a handy way to keep your receipts. You can provide an index, showing where the different kinds

of receipts are kept. Thus those for medical, dental and hospital may be filed under M, business under B, clothing under C, furniture under F, automobile under A, travel under T, etc.

If you keep written records made at the time of payment or receipt, it is not necessary to file such items as theatre ticket stubs evidencing payment of amusement tax or entertainment of business contacts. However, the small businessman and the salesman will realize the necessity for having evidence to support business-expense deductions he uses when the time comes

to make out his tax return.

IF YOU OWN REAL ESTATE, and especially if you have tenants, you cannot properly make out your tax returns without exact information on rental income and on payments you make for repairs, utilities, property taxes, management expenses, wages to employees, insurance costs, mortgage interest, legal expenses, and many other types of expenses.

Your account book should have a separate page or section for entering contributions to charity, including the monetary value of food, household and miscellaneous articles you donate to churches and charities.

If you form the habit, record keeping will be very little trouble. And it may be worth dollars and cents to you sometime later on; and save you many headaches and embarrassing moments. So, you can see that it will pay to keep good records for tax returns.

**Cancelled Checks
Income Records
Receipted Bills
Account Book
Contributions
Donations**



ALMOST every Sunday night the Jones family gets together for chocolate cake. Many families find Sunday night a good time to relax and talk things over. Just watch and see how often these informal family talks turn to—you guessed it—money matters!

There's Bud. Bud's in his first year at college. He's found an education involves more than just the things he can get out of books. He's using a checking account to keep an accurate record of his expenses. Bud says, "Paying campus expenses by *check* helps me learn the importance of money and its management while I'm on my own at college."

Sue works in an insurance office. Every week when Sue gets her pay envelope, she sets aside a definite amount for her bank account. She's learned the secret of successful saving. Sue says, "It's easy—you just plan to save a *definite amount* each week, but do it *regularly, before* spending it on clothes, amusements and things like that."

Mom's mighty proud of this family. When the children were little, mom and dad made wills stat-



ing their wishes about the division of property and these wills along with insurance policies and some bonds are secure in a safe deposit box at the bank. Mom says, "It's good to know that you can provide some protection for your children and your future."

Dad's a businessman. He knows the value of banks—how they've helped him in emergencies. Dad says, "All this talk about checking accounts, savings accounts and wills is very important, but don't forget loans! Bank credit can be very useful. It helped us buy our house, get a modern bathroom and our new car. It has certainly helped me in my business. Yes, indeed, with the wise use of bank credit you can *almost* eat your cake and have it, too!"

YOUR MONEY MATTERS.

You Can
Say That
AGAIN!

Photos from **HOW BANKS SERVE**,
one of a series of high school films
produced by the American Bankers
Association



They Struggled to the Top

THE New York Stock Exchange's recent issue of *The Exchange Magazine* carried the names of the 36 stalwart companies which were among the nation's 100 largest industrial corporations just as they had been earlier this century.

Publication of that list brought a demand from readers: *Print the names of the other 64 companies of that list of 100.*

Those industrial corporations which were among the 100 largest in this country in 1948—although they were not members of that elite group in 1909—are named in the table below.

Sixty of the 64 companies in the table have securities listed on the Stock Exchange. In the first list, 34 of the 36 are listed on the "Big Board"; while one of the two non-listed enterprises is a subsidiary of a listed company.

The measuring rod for determining the nation's 100 largest industrial corporations—both for the year 1909 and for the year 1948—was the amount of total assets.

The four companies shown with no securities listed on the Exchange are Ford Motor, Great Atlantic & Pacific Tea, Hearst Consolidated Publications and Weyerhaeuser Timber.

Allied Stores
Aluminum Co. of America
American Cyanamid
American Rad. & Stand. San.
American Viscose
Armco Steel
Atlantic Refining

Burlington Mills

Celanese Corp.
Chrysler Corp.
Coca-Cola
Continental Can
Continental Oil

Deere & Co.
Distillers Corp.-Seagrams
Dow Chemical

Firestone Tire & Rubber
Ford Motor

General Foods
General Motors
B. F. Goodrich
Goodyear Tire & Rubber
Great Atlantic & Pacific Tea
Gulf Oil

Hearst Cons. Publications

Inland Steel
Intern. Business Machines

Kennecott Copper
S. S. Kresge

Liggett & Myers Tobacco
Loew's, Inc.

May Department Stores
Monsanto Chemical
Montgomery Ward

National Dairy Products
National Steel

Ohio Oil
Owens-Illinois Glass

Paramount Pictures
J. C. Penney
Phillips Petroleum
Procter & Gamble
Pure Oil

Radio Corp. of America
R. J. Reynolds Tobacco

St. Regis Paper
Schenley Industries
Shell Oil
Sinclair Oil
Skelly Oil
Socony-Vacuum
Standard Oil of Calif.
Standard Oil (Indiana)
Standard Oil (Ohio)
J. P. Stevens & Co.
Sun Oil

Twentieth Century-Fox Film

Union Carbide & Carbon
Union Oil of California

Warner Bros. Pictures
Weyerhaeuser Timber
Wheeling Steel
F. W. Woolworth

Youngstown Sheet & Tube



Secret of BETTER LIVING

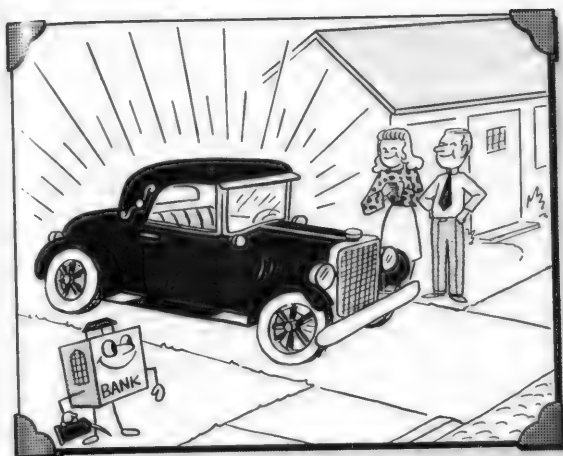
HERE'S A PICTURE parade in the family album of Kate and Billy Jackson. It has a chuckle or two for many another couple who started a life of bliss back there about—well . . . read on and see how the Jacksons hit that high standard of living.

Note the little fellow with the great big smile. He's helped the Jacksons. But mainly, the Jacksons have helped themselves. How? Character and earning power! What's that? That stands for bank credit, and with that you can buy all sorts of things on time—things that bring you health, comfort and the joy of living.

A half century ago Kate and Billy would have had less chance of acquiring luxuries, and the things we call essential today, but the big picture has changed, and banks have had a good deal to do with that change! Banks are pleased when they can help consumers like the Jacksons with their problems, their progress, their plans and their purchases.



It was tiny, but it was ours!



... we were proud of our first tin Lizzie!



...new gadgets brought joy to Kate and her kitchen!



... a family of five! It costs plenty, but worth it!



... bigger family, bigger house!



...TV keeps us together, as you can see!



...the Murphy boys say it's the first one around here!



Treasurer of the United States



THIS ISSUE'S COVER features a woman who has always had to make a dollar bill do its utmost.

She is Mrs. Ivy Baker Priest, the Treasurer of the United States. She handles all of the disbursing for the Treasury—a bill-paying operation running nearly 75 billions annually.

Shortly after the young Ivy Baker enrolled in college her father became ill and was incapacitated for the seven remaining years of his life. It was a struggle for the Baker Family, for besides Ivy there were two other girls and four boys. Ivy went to work as a telephone operator and Mrs. Baker became a practical nurse. These two brought home

the earnings for the family of nine, including the ailing father.

"We had to do a great deal of scheming to make our dollars stretch," said Mrs. Priest.

Ivy Baker's earning power improved and, later with the other children gainfully employed, the family worked out of its problems.

Today, Mrs. Priest is diligently watching the dollar as a mother of a family. Her husband, Roy F. Priest, was a wholesale distributor of furniture in the Rocky Mountain area until recently, when illness forced him to retire. When Mrs. Priest became Treasurer of the United States they moved from Bountiful, Utah, to Arlington, Virginia, where they have their home.

She has a daughter, Patricia, 18, who appears regularly on TV. Pat pays board to her mother and maintains the car she drives to and from work. Incidentally, a pretty girl, she was Queen of the Apple Blossom

SHE SIGNS YOUR \$

by Lawrence Stafford

Festival at Winchester, Virginia, last year.

"We are teaching Pat that in adult life one's living and other costs must be paid out of earnings, and the money a child earns is not just something to spend freely," explained Mrs. Priest.

Son, Roy, 11, is also learning the value of money. He mows lawns and makes toys which he sells to schoolmates. Roy is proud of his bank account.

Daughter, Nancy, 13, is in junior high school. She's learning the ways of money management too, but it is a little more difficult as her interests are more in the fields of dancing and art.

With sound logic Mrs. Priest says, "I believe that only through judicious management of the public debt, and through careful weighing of every expenditure to see that the public receives a full dollar's worth of service for every dollar spent, can we have a sound dollar. Good 'household management' is as necessary for the nation's money affairs as it is for the family."

Stable Economy Calls For Public Backing

In a recent speech before the Chamber of Commerce of the United States, Rowland R. Hughes, Director, Bureau of the Budget, said:

"How much can be done by the administration and the Congress is primarily dependent upon the support of public opinion. Our budgetary policies must be backed by an enlightened and positive public opinion which recognizes the need for resisting demands for unwise, hasty and extravagant action.

"We are convinced that more progress and sounder progress will be made over the years as the largest possible share of our national income is left with individual citizens to make their own countless decisions as to what they will spend, what they will buy and what they will save and invest. Government must play a vital role in maintaining economic growth and stability. But our development since the early days of the republic has been based on the fact that we left a great share of our national income to be used by the provident people with a will to venture. Their actions have stimulated the American genius for creative initiative and thus multiplied our productivity."

"Well, things were going along very smoothly when, bang!—this terrible financial crisis hit us. We found that all four of our youngsters had outgrown their spring clothing!"



...and freedom to save

MISS MARY has been teaching 1st grade for 27 years. Most of her students in recent years have been sons and daughters of former pupils. Nearly everyone in town is a friend of Miss Mary's. Her calm, stabilizing influence is felt, not only at school, but throughout the community.

YOU'LL FIND that same stability in her sound banking program. Miss Mary is a faithful customer of the bank. With five dollars from her first modest paycheck she opened her savings account. She has added to her savings faithfully through the years so she will be able to retire and keep on living independently. Miss Mary gains a lot of pleasure from her savings account.

SHE KNOWS that her money

is being used through the bank to promote her neighbors' welfare. Miss Mary knows that freedom to teach as you believe best is closely related to all other freedoms, including our independent banking system.

The teacher and the banker are partners, working together for the good of our hometown and for Miss Mary's future.

A BANK helps a community to grow and prosper by lending its funds for erection of new homes and stores, increasing farm productivity, by financing business operations, and by advancing sums to thousands of consumers for hundreds of worthwhile purposes. The funds used for these purposes are, to a large extent, the combined savings of many depositors like Miss Mary.



Every 17 years—new owners

ALL of the private wealth of this country, and of the world, changes hands every 17 years as result of the death of the former owner.

What then becomes of this property which has meant so much to people during their lives, for which they have labored and saved and planned and schemed, property which they may have inherited from several generations of ancestors, and is theirs up until the very moment when breath passes from them? Whose does it become after they are gone?

If I go into the woods and catch a wild animal—a deer, for instance—that deer is mine, because I have reduced it to possession. If I release the deer, or it escapes, it is no longer mine; it belongs to the one who next reduces it to possession. Possession here is ten points of the law.

Or, if I sit on a park bench and read a newspaper and leave the paper there, and somebody comes along and picks it up and walks off with it, has he stolen my newspaper? Not at all. That paper becomes his, because I have abandoned it, and he has again reduced it to possession.

But suppose I have with me on that park bench all of my worldly goods, bonds and stocks, mortgages, and the like. I die on that park bench. I abandon my possessions. Whose do they become? Do they belong to the man who sits next to me, and who first reduces them to possession. Clearly not.

The old law of possession breaks down at this point; and the reason, of course, is obvious. If the primitive law of possession operated in a case of that sort, we can

Keeping Dollars in the Family!

by Louis S. Headley

imagine, without difficulty, the confusion, the strife, the riots, the bloodshed, which would ensue every time a man died. Heaven knows there is enough quarreling over the estates of deceased persons as it is!

So the legislature comes in and says, "We will raise up new owners for this bereft property; we will vest title in new individuals."

The legislature might proceed in any one of three ways. It might say that all property which is abandoned by death shall become the property of the state. That would be a very quick way to socialize all private property; in one generation everything would belong to the state. Don't suppose that this is not done to a degree. You who pay taxes know that it is. Every time a person dies, a part of his estate is shaved off and taken by the state.

Or, take a second method for disposing of the property of a decedent. The legislature might say that all property shall descend in a rigid, determined way, with no variation, to a husband or wife or to children or to grandchildren or whatnot, with no possibility of diverting it into any other course; and that is the way that Russia does it to a very large degree.

The Right to Make a Will

There is a third course open which the legislature might adopt, and that is to give to its citizens the right to make a will, to say how the property shall go after they are gone.

This right to make a will is one of the most precious rights which we have. It creates an incentive for saving and thrift during lifetime; it provides a way for effectual planning for those who come after; it gives a continuity to the life of society which nothing else could do.

Yet many neglect to make a will. We can imagine the attitude of people if the will-making right were taken away, or an attempt were made to take it away. And yet, having it, how many fail to exercise the opportunity which is given to them.

DON'T MISS

by Anne Thomas

REVIEWED HERE ARE SOME OF
THE BEST OF CURRENT MAGAZINE
ARTICLES AND FEATURES ON
WHAT'S NEW FOR BETTER LIVING

YEAR 'ROUND COMFORT, in the *JULY HOUSE & GARDEN*, illustrates by pictures and diagrams how you can create all year temperature comfort when you build a new house. Included is information on air conditioning, an electronic air cleaner, and radiant heating. With a system such as this in your home, the author says, you will cut down on laundering and cleaning costs, minimize colds and doctor bills, besides being comfortable indoors all year 'round.

★ ★ ★

SO YOU'RE GOING TO BUY LAND, by *Dave Stanley* in *AMERICAN HOME* for *JULY*, is necessary reading for anyone who contemplates purchasing a home site. The author tells you how you can do a thorough job of inspecting property before purchasing to be sure it is suitable for your purpose. A little forethought on this matter may save you many headaches and much extra expense later on.

★ ★ ★

LIVABLE, LIKABLE, LOW-COST, in the *AUGUST* issue of *HOUSEHOLD* magazine, shows pictures and floor plans for one of the most attractive small one-story houses we've seen in a long time. Among its features are a spacious living room with fine big windows and a fireplace, three bedrooms, a wonderful kitchen-laundry, and plenty of storage space. Its estimated cost throughout most of the country is \$12,000 to \$15,000, and if you are interested you can obtain a building plan sheet.



MIGHTY PROUD, THIS WORKSHOP, in the *JULY* issue of *BETTER HOMES & GARDENS*, shows how *Charles Alft* of Palatine, Illinois, enlarged and made his basement into a first-rate workshop. If you are joining the ever increasing ranks of "Do It Yourselfers," you'll want to see this model workshop.

★ ★ ★

8 WAYS TO FINANCE YOUR DREAM KITCHEN, by *June M. Towne* in the *JULY* issue of *AMERICAN HOME*, presents good advice for home builders and remodelers who dream of having an efficient and beautiful modern kitchen. Since few people can afford to pay cash for an entire new kitchen, the practice of financing kitchens through mortgages and other types of borrowing has become widespread in the last few years. If a new kitchen or some new time and work saving equipment is your dream, see this article for tips to help turn it into a reality.

★ ★ ★

A NEW FLOOR CAN WORK WONDERS, a feature in *GOOD HOUSEKEEPING* for *JULY*, should be on your reading list whether you are building or remodeling a house or merely refurbishing a room. There are 15 pages showing how today's handsome, practical floorings can be used to create beautiful effects in different settings.

★ ★ ★

NEW REFRIGERATORS FOR THE WAY WE LIVE TODAY, by *Bernice Strawn* in the *JULY WOMAN'S HOME COMPANION*, previews some of the attractive and practical features to be found in the new refrigerators. No longer merely a utilitarian appliance, a new refrigerator can also be an important part of your kitchen decor.

HOW BANKS SERVE FAMILY NEEDS . . .



WHEN THE WEATHER'S "RAISING RUCTIONS" SIMPLY MAIL US YOUR INSTRUCTIONS!

Far or near, night or day, fair weather or foul, you'll find banking by mail an excellent substitute for personal visits. We acknowledge deposits promptly . . . remit promptly . . . do promptly whatever a signed request covers. Special forms make letters unnecessary.

We hope that you won't look for excuses to stay away. Personal contact does promote friendly understanding. But don't punish yourself getting here under difficulties: use the mails.

ASK FOR FORMS; TRY BANKING BY MAIL!

end

